

UNIVERSITY OF CALICUT
School of Distance Education

MCM2C07 – ADVANCED STRATEGIC MANAGEMENT
M.Com. II Semester (2019 Admn.)

Multiple Choice Question Bank

1. The word “strategy” is derived from the Greek word “-----”
 - a. Strategos
 - b. Stratum
 - c. Strategy
 - d. All of these
2. ----- can also be defined as “a general direction set for the company and its various components to achieve a desired state in the future.”
 - a. Goal
 - b. Objectives
 - c. Mission
 - d. Strategy
3. ----- is concerned with the determination of the basic long-term goals and the objectives of an enterprise, and the adoption of courses of action and allocation of resources necessary for carrying out these goals.
 - a. Policies framing
 - b. Mission statement
 - c. Target setting
 - d. Strategic Management
4. Which of the following is not a characteristic of strategic Management?
 - a. Strategic issues require top-management decisions
 - b. Strategic issues involve the allocation of large amounts of company resources
 - c. Strategic issues are future oriented
 - d. None of these
5. ----- strategy occupies the highest level of strategic decision making and covers actions dealing with the objective of the firm, acquisition and allocation of resources and coordination of strategies of various SBUs for optimal performance.
 - a. SBU
 - b. Corporate level
 - c. Functional
 - d. Operational
6. The fundamental purpose for the existence of any organization is described by its
 - a. policies
 - b. mission
 - c. procedures
 - d. strategy
7. The fundamental purpose of an organization’s mission statement is to
 - a. Create a good human relations climate in the organization
 - b. Define the organization’s purpose in society
 - c. Define the operational structure of the organization
 - d. Generate good public relations for the organization
8. The acronym SWOT stands for
 - a. Strategic Weakness Overcoming Tools
 - b. Services, Works, Operation and Tools
 - c. Strengths, weakness, Overcome and Threats
 - d. Strengths, Weaknesses, Opportunities, and Threats
9. Which of the following is not a characteristic of strategic management that makes it different from other types of management?
 - a. It is interdisciplinary.
 - b. It has an external focus.

- c. It has an internal focus.
 - d. It concerns the present direction of the organization.
10. Which of the following is an issue considered in developing corporate strategies?
- a. What business(es) are we in?
 - b. What direction are we going?
 - c. What resources do we have to implement our strategies?
 - d. What businesses are we in and what to do with those businesses?
11. Which of the following is NOT a major element of the strategic management process?
- a. Formulating strategy
 - b. Implementing strategy
 - c. Assigning administrative tasks
 - d. Evaluating strategy
12. Competitive advantage can best be described as:
- a. increased efficiency.
 - b. what sets an organization apart
 - c. a strength of the organization.
 - d. intangible resources.
13. _____ is the foundation of blue ocean strategy.
- a. Innovation
 - b. Value creation
 - c. Value innovation
 - d. value cost trade-off
14. The various organizational routines and processes that determine how efficiently and effectively the organization transforms its inputs into outputs are called:
- a. strengths.
 - b. core competencies.
 - c. capabilities.
 - d. customer value.
15. When defining strategic management, the most important thing to remember is that it is:
- a. Not as easy as you think
 - b. Mainly the province of senior managers
 - c. A living evolving process
 - d. More conceptual than practical
16. An organisation's strategy:
- a. remains set in place longer than the mission and objectives
 - b. generally, forms over a period of time as events unfold
 - c. tends to be formed at the same time the mission is developed and objectives are formulated
 - d. is usually conceived at a single time when managers sit down and work out a comprehensive strategic plan for the next 3-5 years
17. The primary focus of strategic management is:
- a. strategic analysis
 - b. the total organisation
 - c. strategy formulation
 - d. strategy implementation.
18. Which of the following is not an advantage of strategic management?
- a. It provides organisations with a clearer sense of direction and purpose
 - b. It helps improve the political, economic, social and technological environment of the organisation
 - c. It helps orientate management decisions to relevant environmental conditions
 - d. It helps organisations be proactive rather than reactive
19. Which of the following defines what business or businesses the firm is in or should be in
- a. Business strategy
 - b. Corporate strategy
 - c. Functional strategy
 - d. National strategy

20. Which of the following defines how each individual business unit will attempt to achieve its mission?
- a. Business strategy
 - b. Corporate strategy
 - c. Functional strategy
 - d. National strategy
21. ----- strategy defines the uses of corporate strategy and specific tactics for each market.
- a. Business strategy
 - b. Corporate strategy
 - c. Functional strategy
 - d. Operational strategy
22. ----- strategy defines the day to day actions need to deliver the corporate and business strategies.
- a. Core strategy
 - b. Operational Strategy
 - c. Corporate strategy
 - d. Functional strategy
23. Which of the following focuses on supporting the corporate and business strategies?
- a. Competitive strategy
 - b. Corporate strategy
 - c. Operational strategy
 - d. Mission strategy
24. Which one of the following is not a primary task of strategic managers?
- a. Establishing strategic objectives
 - b. Developing the steps to follow in implementing operational level plans
 - c. Defining the business and developing a mission
 - d. Developing a strategy
25. The task of strategy choice involves:
- a. developing plans and activities which will improve the organisation's performance and competitive position
 - b. determining how the organisation can be more market and efficiency oriented
 - c. monitoring whether the organisation is achieving good financial performance
 - d. keeping the organisation free of debt
26. Which one of the following is at the core of strategic management?
- a. Choosing which organisational objectives to focus on
 - b. Being alert for opportunities to change work responsibilities
 - c. Adapting the organisation to a changing external environment
 - d. Choosing whether to make decisions autocratically or on the basis of participation
27. The corporate level is where top management directs:
- a. all employees for orientation
 - b. its efforts to stabilize recruitment needs
 - c. overall strategy for the entire organization
 - d. overall sales projections
28. The three main organizational levels are:
- a. corporate level, business level, functional level
 - b. corporate level, business unit level, functional level
 - c. corporate strategy level, business unit level, functional level
 - d. corporate strategy level, business level, specialist level
29. The functional level strategy of marketing function is divided into various operating levels such as marketing research, sales promotion, etc. these types of strategies are called.
- a. Business strategy
 - b. Corporate strategy

- c. Functional strategy d. Operational strategy
- 30.** Which of the following is/are not an element/s of strategic management Process?
- a. Scanning b. Formulation
c. Implementation d. None of these
- 31.** Which one of the following is NOT included in the Porter's Five Forces model?
- a. Potential development of substitute products
b. Bargaining power of suppliers
c. Rivalry among stockholders
d. Rivalry among competing firms
- 32.** What is meant by the term 'Stakeholder'?
- a. A person who is not related with a business.
b. A person who is related with a business.
c. A person who owns a business.
d. A person who purchases the shares of a business.
- 33.** The strategic management process is
- a. a set of activities that will assure a temporary advantage and average returns for the firm.
b. a decision-making activity concerned with a firm's internal resources, capabilities, and competencies, independent of the conditions in its external environment.
c. a process directed by top-management with input from other stakeholders that seeks to achieve above-average returns for investors through effective use of the organization's resources.
d. the full set of commitments, decisions, and actions required for the firm to achieve above-average returns and strategic competitiveness.
- 34.** The goal of the organization's _____ is to capture the hearts and minds of employees, challenge them, and evoke their emotions and dreams.
- a. vision b. mission c. culture d. strategy
- 35.** A firm's mission:
- a. is a statement of a firm's business in which it intends to compete and the customers which it intends to serve.
b. is an internally-focused affirmation of the organization's financial, social, and ethical goals.
c. is mainly intended to emotionally inspire employees and other stakeholders.
d. is developed by a firm before the firm develops its vision.
- 36.** The environmental segments that comprise the general environment typically will NOT include:
- a. demographic factors. b. sociocultural factors.
c. substitute products or services. d. technological factors.
- 37.** An analysis of the economic segment of the external environment would include all of the following EXCEPT:
- a. interest rates. b. international trade.
c. the strength of the U.S. dollar. d. the move toward a contingent workforce.

38. Product differentiation refers to the:
- ability of the buyers of a product to negotiate a lower price.
 - response of incumbent firms to new entrants.
 - belief by customers that a product is unique.
 - fact that as more of a product is produced the cheaper it becomes per unit.
39. Which of the following is NOT an entry barrier to an industry?
- expected competitor retaliation
 - economies of scale
 - customer product loyalty
 - bargaining power of suppliers
40. Switching costs refer to the:
- cost to a producer to exchange equipment in a facility when new technologies emerge.
 - cost of changing the firm's strategic group.
 - one-time costs suppliers incur when selling to a different customer.
 - one-time costs customers incur when buying from a different supplier.
41. New entrants to an industry are more likely when (i.e., entry barriers are low when...)
- it is difficult to gain access to distribution channels.
 - economies of scale in the industry are high.
 - product differentiation in the industry is low.
 - capital requirements in the industry are high.
42. All of the following are forces that create high rivalry within an industry EXCEPT
- numerous or equally balanced competitors.
 - high fixed costs.
 - fast industry growth.
 - high storage costs.
43. According to the five factors model, an attractive industry would have all of the following characteristics EXCEPT:
- low barriers to entry.
 - suppliers with low bargaining power.
 - a moderate degree of rivalry among competitors.
 - few good products substitute.
44. Internal analysis enables a firm to determine what the firm:
- can do.
 - should do.
 - will do.
 - might do.
45. An external analysis enables a firm to determine what the firm:
- can do.
 - should do.
 - will do.
 - might do.
46. _____ is/are the source of a firm's _____, which is/are the source of the firm's _____
- Resources, capabilities, core competencies
 - Capabilities, resources, core competencies
 - Capabilities, resources, above average returns
 - Core competencies, resources, competitive advantage
47. In the airline industry, frequent-flyer programs, ticket kiosks, and e-ticketing are all examples of capabilities that are
- rare.
 - causally ambiguous.
 - socially complex.
 - valuable.

48. Firms with few competitive resources are more likely
- to not respond to competitive actions.
 - respond quickly to competitive actions.
 - delay responding to competitive actions.
 - respond to strategic actions, but not to tactical actions.
49. Competitors are more likely to respond to competitive actions that are taken by
- differentiators.
 - larger companies.
 - first movers.
 - market leaders.
50. ----- can be defined as the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives.
- Strategy formulation
 - Strategy evaluation
 - Strategy implementation
 - Strategic management
51. Which individuals are most responsible for the success and failure of an organization?
- Strategists
 - Financial planners
 - Personnel directors
 - Stakeholders
52. Which of the following is an element of a firm's remote external environment?
- Competition
 - Political agencies
 - Suppliers
 - Trade union
53. Long-term objectives should be all of the following except:
- measurable.
 - continually changing.
 - reasonable.
 - challenging.
54. What are guides to decision making?
- laws
 - rules
 - policies
 - procedures
55. According to Greenley, strategic management offers all of these benefits except that
- it provides an objective view of management problems.
 - it creates a framework for internal communication among personnel.
 - it encourages a favourable attitude toward change.
 - it maximizes the effects of adverse conditions and changes.
56. The vision and mission statement can often be found
- in the SEC report.
 - in annual reports.
 - on customer receipts.
 - on supplier invoices.
57. The process of performing an external audit needs to include:
- only top-level managers, as it's a planning function.
 - as many managers and employees as possible.
 - primarily front-line supervisors
 - between 15 to 20 managers for it to be valid
58. Which of the following is not a stage of strategy formulation techniques?
- Formulation Framework
 - Matching stage
 - External factor evaluation
 - Decision stage
59. ST Strategies is an important strategy to
- Match weakness with opportunities of the firm
 - Overcome external threats
 - Obtain benefit from its resources
 - Overcome its weakness and reducing threats

60. The immediate external environment includes:
- a. Divisions
 - b. S. B. U. s
 - c. Competitors
 - d. Management
61. The _____ comprises economic and social conditions, political priorities and technological developments, all of which must be anticipated, monitored, assessed and incorporated into the executive's decision making.
- a. Internal environment
 - b. Task environment
 - c. Operating environment
 - d. Societal environment
62. Strategic management involves the _____, directing, _____ and controlling of a company's strategy-related decisions and actions.
- a. Financing; marketing
 - b. Planning; financing
 - c. Planning; organizing
 - d. Marketing; planning
63. A strategy is a company's
- a. Value statement
 - b. Pricing policy
 - c. Game Plan to outsmart competitor
 - d. Long-term objective
64. Strategy-formulation concepts and tools
- a. Do not differ greatly for different size and type of organizations
 - b. Differ greatly for different size and type of organizations
 - c. Do not differ greatly for profit or non-profit organizations but differ in small and large organizations
 - d. None of the mentioned options
65. Annual objectives
- a. Are not critical to success
 - b. Serve as guidelines for action, directing and channelling efforts and activities of organization members
 - c. Are not important for employee motivation and identification
 - d. Do not provide a basis for organizational design
66. Which of the following resources is used by all organizations to achieve desired objectives?
- a. Financial resources,
 - b. Physical resources
 - c. Human resources
 - d. All of the mentioned options
67. Strategic management is
- a. A pure science.
 - b. Based mainly on intuition.
 - c. Needed mainly when organizational performance falls.
 - d. Based on the use of quantitative and qualitative information.
68. Large-scale, future-oriented plans, for interacting with the competitive environment to achieve company objectives refers to its
- a. Strategy
 - b. Goals
 - c. Competitive analysis
 - d. Dynamic policies
69. Strategic issues require which level of management decisions?
- a. Operative
 - b. Top
 - c. Front-line
 - d. Middle
70. Which of these basic questions should a vision statement answer?
- a. What is our business?
 - b. Who are our employees?
 - c. Why do we exist?
 - d. What do we want to become?

71. Strategic management process activates in the sequence of_____
- Environmental scanning, Strategy formulation, Implementation, control and evaluation
 - Strategy formulation, Environmental scanning, Implementation, control and evaluation
 - Environmental scanning, Strategy Implementation, formulation, control and evaluation
 - Strategy formulation, Implementation, control, evaluation, Environmental scanning
72. “A possible and desirable future state of an organization” is called:
- Mission
 - Vision
 - Strategy implementation
 - None of above
73. Strategic decisions are based on what managers_____, rather than on what they_____
- Know; forecast
 - React to; anticipate
 - Forecast; know
 - Compromise with; analyse
74. “To improve economic strength of society and function as a good corporate citizen on a local, state, and national basis in all countries in which we do business”. This is a mission statement that contains:
- Self-concept
 - Economic concern
 - Products or Services
 - Concern for Public Image
75. Strategic-management audit is known as:
- Environmental scanning
 - Strategy formulation
 - Strategy control
 - Strategy evaluation
76. Forecasting tools can be broadly categorized into two groups. Those are:
- Qualitative, Operational
 - Quantitative, Operational
 - Qualitative, Quantitative
 - Regression and time series analysis
77. _____identifies a firm’s major competitors and their particular strengths and weaknesses in relation to a sample firm’s strategic position.
- Competitive Profile Matrix
 - External Factor Evaluation matrix
 - Internal Factor Evaluation Matrix
 - Boston consulting group matrix
78. Organizing means an identifiable group of people contributing their efforts towards the attainment of same goal. It is important at the time of:
- Environmental scanning
 - Strategy formulation
 - Strategy Implementation
 - Strategy evaluation
79. Which statement best describes intuition?
- It represents the marginal factor in decision-making.
 - It represents a minor factor in decision-making integrated with analysis.
 - It should be coupled with analysis in decision-making.
 - It is better than analysis in decision-making.
80. What are the means by which long-term objectives will be achieved?
- Strategies.
 - Strengths
 - Weaknesses.
 - Policies.
81. When an industry relies heavily on government contracts, which forecasts can be the most important part of an external audit.
- economic
 - political
 - technological
 - competitive

82. _____ is not part of an external audit.
- a. Analysing competitors
 - b. Analysing financial ratios
 - c. Analysing available technologies
 - d. Studying the political environment
83. Typically, how many strategic decision levels are in the corporate decision-making hierarchy?
- a. 3
 - b. 4
 - c. could be more than 5
 - d. 2
84. External assessment is performed in which of the strategic management phase?
- a. Strategy formulation stage
 - b. Strategy implementation stage
 - c. Strategy evaluation stage
 - d. All of the given options
85. Political variables have a significant effect on
- a. Strategy formulation and implementation
 - b. Strategy formulation and evaluation
 - c. Strategy implementation and evaluation
 - d. Strategy formulation, implementation and evaluation
86. Strategic decisions ostensibly commit the firm for
- a. 1 -2 years
 - b. The short term
 - c. one years
 - d. A long time, typically five years
87. Social responsibility is a critical consideration for a company's strategic decision makers since
- a. Stockholders demand it
 - b. The mission statement must express how the company intends to contribute to the societies that sustain it
 - c. It increases a company's profits
 - d. It helps make decisions
88. Which of the following are signs of weakness in a company's competitive position?
- a. A return-on-equity is below 25% and earnings per share of less than Rs. 2.00
 - b. A price set by the firm higher than its rivals
 - c. A declining market share, poor product quality and few sales in market
 - d. Lower revenues and profit margin and narrow product line than the market leader
89. It directs at developing new products before competitors do at improving product quality or at improving manufacturing processes to reduce costs.
- a. Marketing
 - b. Opportunity analysis
 - c. Research and development
 - d. Management
90. "Identifying and evaluating key social, political, economic, technological and competitive trends and events". Which of the followings best describes this statement?
- a. Developing an effective mission statement
 - b. Conducting an internal audit
 - c. Performing an external audit
 - d. Formulating strategy
91. The central purpose of strategic evaluation is -----
- a. Evaluate effectiveness of strategy to achieve organisational objectives
 - b. Evaluate effectiveness of control system to measure achievements.
 - c. Evaluate effectiveness of strategies to be implemented efficiently.
 - d. Evaluate effectiveness of the strategy implementation process.

92. Strategy evaluation at the _____ level involves using specific performance measures-qualitative and quantitative-for each functional area.
- organizational
 - operational
 - functional
 - production
93. ----- is described as the process which examines all the components, internal or external, that has an influence on the performance of the organization.
- Environmental analysis
 - Competitor analysis
 - Macro analysis
 - Any of the above
94. Which of the following is not an external environment component of a business?
- Competitors
 - Corporate structure
 - Suppliers
 - customers
95. ----- analysis begins with identifying present as well as potential competitors.
- Environment
 - Internal
 - Competitor
 - External
96. Characteristics of a business which makes it disadvantageous relative to competitors.
- Threat
 - Failure
 - Weakness
 - None of these
97. Elements in a company's external environment that allow to formulate and implement strategies to increase profitability.
- Strength
 - Success
 - opportunity
 - productivity
98. In PEST analysis, "P" stands for-----
- Profitability factors
 - Productivity factors
 - Political factors
 - Pricing factors
99. In PEST analysis, "S" stands for-----
- Stability factors
 - Social factors
 - Sales factors
 - Strategic factors
100. In PEST analysis, "T" stands for-----
- Tactical factors
 - Threat factors
 - Task factors
 - Technological factors
101. In BCG Matrix, "BCG" stands for-----
- Budgeted and Controlled Growth
 - Basic Categorised Growth
 - Boston Consultancy Group
 - Bata Consultancy Group
102. It is often useful to complete a ----- analysis before completing a ----- analysis.
- SWOT, PEST
 - Competitor, PEST
 - PEST, SWOT
 - Strategic, Competitor
- 103.----- factors include population growth, age, demographics and attitudes towards health.
- Political
 - Economical
 - Social
 - None of these
104. Which of the following is/are coming under 'Porter's Five Forces?
- Threat of new potential entrants
 - Threat of substitute product/services
 - Bargaining power of suppliers
 - All of these
105. Which of the following is/are not coming under 'Porter's Five Forces?
- Threat of new potential entrants
 - Threat of substitute product/services
 - Bargaining power of employees
 - None of these.

106. 'Four Corner Analysis model' is developed by
- a. Robert S Kaplan
 - b. Peter F Drucker
 - c. C K Prahalad
 - d. Michael Porter
107. Which of the following is/are component/s of 'Four Corner Analysis'?
- a. future goals
 - b. current strategy
 - c. assumptions
 - d. All of these
108. Which of the following is/are not component/s of 'Four Corner Analysis'?
- a. Drivers
 - b. Capabilities
 - c. Assumptions
 - d. None of these
109. -----is a favourable position a business holds in the market which results in more customers and profits.
- a. Competitive Advantage
 - b. Core Competency
 - c. Strength
 - d. Any of the above
110. Which of the following is not a basic determinant of Competitive advantage?
- a. Target market
 - b. Competition
 - c. USP
 - d. None of the above.
111. Horizontal integration is concerned with;
- a. Production
 - b. Quality
 - c. Product planning
 - d. All of the above
112. It refers to formal and informal rules, regulations and procedures that complement the company structure
- a. Strategy
 - b. Systems
 - c. Environment
 - d. All of the above
113. Micro environment is the environment of a company.
- a. Working
 - b. Human
 - c. External
 - d. Internal
114. Techniques used in environmental appraisal are
- a. single-variable extrapolation/multivariable interaction analysis
 - b. Structured/ unstructured expert/inexpert opinion
 - c. Dynamic modes and mapping
 - d. All of the above
115. It enables the strategists to take corrective action at the right time
- a. Implementation control
 - b. Special alert control
 - c. Strategic Surveillance control
 - d. Premise control
116. Changes in company also necessitates changes in the systems in various degrees
- a. structure
 - b. system
 - c. strategy
 - d. turnover
117. The actual performance deviates positively over the budgeted performance. This is an indication of performance.
- a. superior
 - b. inferior
 - c. constant
 - d. any of the above
118. Criteria for making an evaluation is (are)
- a. Consistency with goals
 - b. Consistency with environment
 - c. Money
 - d. All of the above
119. They have time-based utility
- a. Goals
 - b. Resources
 - c. both 'A' and 'B'
 - d. None of the above

120. Formal systems are adopted to bring _____ & amalgamation of decentralized units into product groups.
a. Manpower b. Co-ordination c. Production d. All of the above
121. Change in company's gives rise to problems necessitating a new to be made
a. structure, strategy b. strategy, structure
c. structure, structure d. strategy, strategy
122. Systems are formal and informal rules and regulations that complement the company
a. strategy b. structure c. system d. environment
123. The reasons for acquisition are
a. Increased market power b. Increased diversification
c. Increased speed to market d. All of the above
124. Market research is conducted by
a. By employees b. By research agencies
c. By consultants d. All of the above
125. Vertical integration is concerned with
a. supply chain b. production c. Quality d. planning
126. ETOP stands for _____.
a. environmental threat & opportunity project
b. environmental threat & opportunity profile
c. environmental treaty & opportunity profile
d. environmental threat & optimum profile
127. The control process requires the following types of information
a. Planned performance b. Variances
c. Reasons d. All of the above
128. It is designed to monitor a broad range of events inside and outside the company that are likely to threaten a firm's strategy
a. Strategic surveillance b. Strategic planning
c. both 'A' and 'B' d. None of the above
129. Harvest strategy is used for
a. Dogs b. Question marks
c. Cash cow d. both 'A' and 'B'
130. Attack strategies are
a. Frontal attack b. Flank attack
c. Encirclement attack d. all of the above
131. Three C's affecting today's companies are
a. Customer, Competition, Change
b. Cost, Competition, Change
c. Customer, Competition, Cost
d. Customer, Cost, Change
132. For strategic learning, the balanced scorecard supplies
a. Two elements b. Three elements
c. Four elements d. Five elements

- 133.** In strategic learning, an element defines the articulation of the company's
- a. Review process
 - b. Operational goals
 - c. Shared vision
 - d. Business model
- 134.** Business strategy can be thought of a set of hypotheses about the relationship of
- a. Input and output
 - b. Cause and effect
 - c. Transformation processes
 - d. Modeling and planning
- 135.** Scorecard facilitates the strategy review essential for
- a. Strategic learning
 - b. Strategic plan
 - c. Strategic domain
 - d. Strategic model
- 136.** A business strategy should be viewed as a set of
- a. Domain
 - b. Models
 - c. Hypothesis
 - d. Procedures
- 137.** A sustained or sustainable competitive advantage requires that:
- a. the value creating strategy be in a formulation stage.
 - b. competitors implement the strategy.
 - c. other companies not be able to duplicate the strategy.
 - d. average returns be earned by the company.
- 138.** The strategic management process is:
- a. a set of activities that is guaranteed to prevent organizational failure.
 - b. a process concerned with a firm's resources, capabilities, and competencies, but not the conditions in its external environment.
 - c. a set of activities that to date have not been used successfully in the not-for-profit sector.
 - d. a dynamic process involving the full set of commitments, decisions, and actions related to the firm.
- 139.** Which of the following is NOT an assumption of the Industrial Organization, or I/O, model?
- a. Organizational decision makers are rational and committed to acting in the firm's best interests.
 - b. Resources to implement strategies are not highly mobile across firms.
 - c. The external environment is assumed to impose pressures and constraints that determine the strategies that result in superior performance.
 - d. Firms in given industries, or given industry segments, are assumed to control similar strategically relevant resources.
- 140.** Which of the following is NOT an assumption of the resource-based model?
- a. Each firm is a unique collection of resources and capabilities.
 - b. All firms possess the same strategically relevant resources.
 - c. Resources are not highly mobile across firms.
 - d. Firms acquire different resources and capabilities over time.
- 141.** In contrast to the industrial organization model, in a resource-based model, which of the following factors would be considered a key to organizational success?
- a. unique market niche.
 - b. weak competition.
 - c. economies of scale.
 - d. loyal employees.
- 142.** The resource-based model of the firm argues that:
- a. all resources have the potential to be the basis of sustained competitive advantage.
 - b. resources are not a source of potential competitive advantage.
 - c. the key to competitive success is the structure of the industry in which the

- firm competes.
- d. resources that are valuable, rare, costly to imitate, and non-substitutable form the basis of a firm's core competencies.
- 143.** Strategic mission:
- is a statement of a firm's unique purpose and scope of operations.
 - is an internally-focused affirmation of the organization's societal and ethical goals.
 - does not limit the firm by specifying the industry in which the firm intends to compete.
 - is developed by a firm before the firm develops its strategic intent.
- 144.** The _____ environment is composed of elements in the broader society that can influence an industry and the firms within it.
- general
 - competitor
 - sociocultural
 - industry
- 145.** The environmental segments that comprise the general environment typically will NOT include:
- demographic factors.
 - sociocultural factors.
 - substitute products or services.
 - technological factors.
- 146.** The economic environment refers to:
- the nature and direction of the economy in which a firm competes or may compete.
 - the economic outlook of the world provided by the World Bank.
 - an analysis of how the environmental movement and world economy interact.
 - an analysis of how new environmental regulations will affect our economy.
- 147.** An industry is defined as:
- a group of firms producing the same item.
 - firms producing items that sell through the same distribution channels.
 - firms that have the same seven-digit standard industrial code.
 - a group of firms producing products that are close substitutes.
- 148.** An integrated and coordinated set of commitments and actions designed to exploit core competencies and gain a competitive advantage in a specific product market is a definition of:
- business strategy.
 - core competencies.
 - sustained competitive advantage.
 - strategic mission.
- 149.** Business-level strategies are concerned specifically with:
- creating differences between the firm's position and its rivals.
 - the industries in which the firm will compete.
 - how functional areas will be organized within the firm.
 - how a business with multiple physical locations will operate one of those locations.
- 150.** A cost leadership strategy provides goods or services with features that are:
- acceptable to customers.
 - unique to the customer.
 - highly valued by the customer.
 - able to meet unique needs of the customer

- 151.** A firm successfully implementing a differentiation strategy would expect:
- a. customers to be sensitive to price increases.
 - b. to charge premium prices.
 - c. customers to perceive the product as standard.
 - d. to automatically have high levels of power over suppliers.
- 152.** A differentiation strategy provides products that customers perceive as having:
- a. acceptable features.
 - b. features of little value relative to the value provided by the low-cost leader's product.
 - c. features for which the customer will pay a low price.
 - d. features that are non-standardized for which they are willing to pay a premium.
- 153.** When implementing a focus strategy, the firm seeks:
- a. to be the lowest cost producer in an industry.
 - b. to offer products with unique features for which customers will pay a premium.
 - c. to avoid being stuck in the middle.
 - d. to serve the specialized needs of a market segment.
- 154.** ----- is a participative, systematic approach to planning and implementing a constant organizational improvement process.
- a. WPM
 - b. TQM
 - c. SCM
 - d. QC
- 155.** SCM Stands for -----
- a. Suppler-Customer and Money
 - b. Supply Chain Management
 - c. Supplier and Customer Management
 - d. Sales Cost Management.
- 156.** VMOST Analysis tool is developed by:
- a. C K Prahlad
 - b. Rakesh Sondhi
 - c. Michael Porter
 - d. R S Cooper
- 157.** VMOST stands for-----
- a. Value, Money, Organisation, Sales, Target
 - b. Vision, Mission, Objective, Strategy, Tactics
 - c. Value, Mission, Objective, Strategy, Tactics
 - d. Vision, Money, Objective, Strategy, Technology
- 158.** A ----- is defined as an organization that has developed the capacity to continuously learn, adapt, and change.
- a. Change management
 - b. Strategic Change
 - c. Learning organisation
 - d. Strategic organisation
- 159.** Vertical integration strategies
- a. Extend a company's competitive scope within the same industry by expanding its operations across more parts of the industry value chain
 - b. Are one of the best strategic options for helping companies win the race for global market leadership
 - c. Offer good potential to expand a company's line up of products and services
 - d. All of these
- 160.** The two best reasons for investing company resources in vertical integration (either forward or backward) are to
- a. Expand into foreign markets and/or control more of the industry value chain
 - b. Broaden the firm's product line and/or avoid the need for outsourcing
 - c. Enable use of offensive strategies and/or gain a first mover advantage over rivals in

- revamping the industry value chain
- d. Strengthen the company's competitive position and/or boost its profitability
- 161.** For backward vertical integration into the business of suppliers to be a viable and profitable strategy, a company
- Must first be a proficient manufacturer
 - Must be able to achieve the same scale economies as outside suppliers and match or beat suppliers' production efficiency with no drop-off in quality
 - Must have excess production capacity, so that it has ample in-house ability to undertake additional production activities
 - None of these
- 162.** The strategic impetus for forward vertical integration is to
- Gain better access to end users and better market visibility
 - Achieve the same scale economies as wholesale distributors and/or retail dealers
 - Control price at the retail level
 - None of these
- 163.** A good example of vertical integration is
- A global public accounting firm acquiring a small local or regional public accounting firm
 - A large supermarket chain getting into convenience food stores
 - A crude oil refiner purchasing a firm engaged in drilling and exploring for oil
 - All of these.
- 164.** A strategic alliance:
- Is a collaborative arrangement where companies join forces to defeat mutual competitive rivals
 - Involves two or more companies joining forces to pursue vertical integration
 - Is a formal agreement between two or more companies in which there is strategically relevant collaboration of some sort, joint contribution of resources, shared risk, shared control and mutual dependence
 - All the above.
- 165.** Which of these is/are a basic activity of strategy evaluation?
- Reviewing the underlying internal and external factors that represent the bases of current strategies
 - Measuring organizational performance
 - Taking corrective actions
 - All of the above
- 166.** Which of these is the cornerstone of effective strategy evaluation?
- Adequate and timely feedback
 - Quality and quantity of managers
 - Smaller ratio of top- to lower-level management
 - Evaluation preceding implementation stage
- 167.** The purpose of strategy evaluation is to
- increase the budget annually.
 - alert management to problems or potential problems.
 - make budget changes.
 - evaluate employees' performance.
- 168.** Strategy evaluation is becoming _____ with the passage of time.
- increasingly difficult
 - much simpler
 - very convenient
 - an unnecessary activity

169. The overall strategy which is comprehensive in nature and provides the basis for strategic direction is known as----
- a. Corporate strategy
 - b. Grand strategy
 - c. General strategy
 - d. All of these
170. Which of the following is/are stability strategies?
- a. No Change strategy
 - b. Caution Strategy
 - c. Profit Strategy
 - d. All of these
171. Which of the following is not Growth/Expansion strategies?
- a. Caution strategy
 - b. Vertical integration
 - c. Diversification
 - d. Cooperation
172. Which of the following is retrenchment strategy?
- a. Turn around
 - b. Divestiture
 - c. Liquidation
 - d. All of these
173. 'Diversification strategy' is used to gain market share in
- a. current product in current market
 - b. new products for new markets
 - c. new products in new market
 - d. new products in current markets
174. Défense strategies in which the leader stretches over new market territories using market diversification is classified as
- a. mobile defence
 - b. static defence
 - c. stable defence
 - d. unstable defence
175. Strategies such as diversification, penetration and market development are the part of
- a. extensive growth
 - b. intensive growth
 - c. integrative growth
 - d. disintegrative growth
176. Strategies such as diversification, penetration and market development are part of
- a. extensive growth
 - b. intensive growth
 - c. integrative growth
 - d. disintegrative growth
177. For intensive growth, the company first considers whether it could gain more market share with its current products in their current market, using a _____
- a. Market-penetration strategy
 - b. Market development strategy
 - c. Product-development strategy
 - d. Diversification strategy
178. Select right order of intensive growth strategies:
- a. market-development strategy, market-penetration strategy, product development strategy
 - b. Market-penetration strategy, market development strategy, product development strategy
 - c. market-penetration strategy, product development strategy, market-development strategy
 - d. None of the above
179. Market development strategy focuses on
- a. Current products and new markets
 - b. Current products and current markets
 - c. New products and current markets
 - d. New products and new markets
180. Product development strategy for achieving intensive growth focuses on:
- a. Current products and new markets
 - b. Current products and current markets
 - c. New products and current markets
 - d. New products and new markets
181. Acquiring one or more suppliers for integrative growth is
- a. Horizontal integration
 - b. Forward integration
 - c. Backward integration
 - d. None of the above
182. Acquisition of competitors for integrative growth is
- a. Horizontal integration
 - b. Forward integration

196. Opportunities to build or acquire businesses that are related to current businesses:
- a. Intensive Opportunities
 - b. Integrative Opportunities
 - c. Diversification Opportunities
 - d. None of the above
197. The useful framework for detecting new _____ is called a "product-market expansion grid"
- a. Intensive opportunities
 - b. Integrative opportunities
 - c. Diversification opportunities
 - d. None of the above
198. Under ----- approach of implementation strategies are moving from bottom to upward.
- a. Commander approach
 - b. Organisational change approach
 - c. Collaborative approach
 - d. Crescive approach
199. The most complex structure of Strategic organisation is:
- a. Functional
 - b. Transnational
 - c. Matrix
 - d. Divisional
200. Hofer's Product matrix is also known as:
- a. GE Matrix
 - b. BCG Matrix
 - c. TOWS matrix
 - d. Market Evaluation Matrix

ANSWER KEY

1	a	41	c	81	b	121	b	161	b
2	d	42	c	82	b	122	b	162	a
3	d	43	a	83	a	123	d	163	c
4	d	44	a	84	a	124	d	164	c
5	b	45	d	85	a	125	a	165	d
6	b	46	a	86	d	126	b	166	a
7	b	47	d	87	b	127	d	167	b
8	d	48	c	88	c	128	a	168	a
9	d	49	d	89	c	129	d	169	b
10	c	50	d	90	c	130	d	170	d
11	c	51	a	91	a	131	a	171	a
12	a	52	b	92	c	132	c	172	d
13	c	53	b	93	a	133	c	173	b
14	b	54	c	94	b	134	b	174	a
15	c	55	d	95	c	135	a	175	b
16	b	56	b	96	c	136	c	176	b
17	b	57	b	97	c	137	c	177	a
18	b	58	b	98	c	138	d	178	b
19	b	59	b	99	b	139	d	179	a
20	a	60	c	100	d	140	b	180	c
21	a	61	d	101	c	141	d	181	c
22	d	62	c	102	c	142	d	182	a
23	c	63	c	103	c	143	a	183	a
24	b	64	a	104	d	144	a	184	b
25	a	65	b	105	c	145	c	185	c
26	c	66	d	106	d	146	a	186	b
27	c	67	d	107	d	147	d	187	a
28	a	68	a	108	d	148	a	188	a
29	d	69	b	109	a	149	a	189	a
30	d	70	d	110	d	150	a	190	b
31	c	71	a	111	a	151	b	191	c
32	b	72	b	112	b	152	d	192	a
33	d	73	c	113	d	153	d	193	c
34	a	74	d	114	d	154	c	194	b
35	a	75	a	115	d	155	b	195	a
36	c	76	c	116	b	156	b	196	b
37	d	77	a	117	a	157	b	197	a
38	c	78	c	118	d	158	c	198	d
39	d	79	c	119	c	159	a	199	c
40	d	80	a	120	b	160	d	200	d

Prepared By :

Praveen M V,

Assistant Professor,

PG & Research Dept. of Commerce,

Govt.College, Madappally.

QUESTION BANK

ADVANCED MANAGEMENT ACCOUNTING

1 Semester

Paper v

M. Com

(2019 Admission Onwards)



UNIVERSITY OF CALICUT

SCHOOL OF DISTANCE EDUCATION

School of Distance Education

1. The business environmental factors are _____.
- A. Static
C. Both of the above
- B. Dynamic
D. None of the above
2. The control ratios used by the management to know whether the deviations of the actual performance from the budgeted performance are favourable or unfavourable are _____.
- A. Capacity ratio and calendar ratio.
C. Both A and B
- B. Efficiency ratio and calendar ratio.
D. None of these
3. The problems associated with marginal costing are
- A. Difficulties in divisions of costs
C. Ignores time elements
- B. Problem of valuation of stocks
D. All of the above
4. _____ is not suitable where selling price is determined on the basis of cost-plus method.
- A. Absorption costing
C. Both A and B
- B. Marginal costing
D. None of the above
5. Managers utilizes marginal costing for
- A Make or buy decision
C Determination of dumping price
- B. Utilisation of additional capacity
D All of the above
- 6 Which of the following are advantages of marginal costing?
- A. Makes the process of cost accounting more simple
B. Helps in proper valuation of closing stock
C. Useful for standard and budgetary control
- D. All of the above
7. Given production is 1,00,000 units, fixed costs is Rs 2,00,000 Selling price is Rs 10 per unit and variable cost is Rs 6 per unit. Determine profit using technique of marginal costing.
- A. Rs 2, 00,000
C. Rs 6, 00,000
- B. Rs 8, 00,000
D. None of the above
8. Contribution margin is also known as
- A Gross profit
C Earning before tax
- B Net profit
D Marginal income

School of Distance Education

9 Contribution is the difference between

- A Sales and variable cost
- B Sales and fixed cost
- C Sales and total cost
- D Factory cost and profit

10 When fixed cost is Rs. 20,000 and Profit volume ratio is 25 per cent, then breakeven point will occur at

- A Rs. 5000
- B 5000 units
- C Rs. 80,000
- D 80,000 units

11 Period cost means

- A Variable cost
- B Fixed costs
- C Prime cost
- D Factory cost

12 If profit-volume ratio is 25 per cent and sales is Rs. 100,000, the variable cost will be

- A Rs. 25,000
- B Rs. 50,000
- C Rs. 75,000
- D None of the above

13 The valuation of stock in marginal costing as compared to absorption costing is

- A Higher
- B Lower
- C Same
- D None of the above

14 The term standard cost refers to the:

- A. Average unit cost of product produced in the previous period
- B. Budgeted unit cost of product produced in a particular period
- C. Average unit cost of product produced by other companies
- D. Average unit cost of product produced in the current period

15 The term budgeted cost refers to the:

- A. Estimated expenses of budgeted production
- B. Actual expenses of budgeted production
- C. Estimated expenses of actual production
- D. Actual expenses of actual production

16.....is concerned with providing information to management for taking managerial decisions.

School of Distance Education

- (A) Management Accounting
(C) Cost accounting
- (B) Financial accounting
(D) All of these

17 Which among the following is not a management accounting technique?

- (A) Standard costing
(C) Project appraisal
- (B) marginal costing
(D) None

18 The essence of marginal costing is that cost is considered on the whole as separate.

- (A) Fixed (B) variable (C) both of these (D) none of these

19A document that records the standard cost of a single unit of product is known as:

- A Bill of materials B. Bill of product
C Standard cost card D. product expense card

20 Following is used as tool for Cost Control

- A) Marginal cost (B) Historical cost
C) Standard cost (D) All of the above

21 Which phrase best describes the current role of the managerial accountant?

- A. Managerial accountants prepare the financial statements for an organization.
B. Managerial accountants facilitate the decision-making process within an organization.
C. Managerial accountants make the key decisions within an organization.
D. Managerial accountants are primarily information collectors.

22 In comparison to the traditional manufacturing environment, overhead costs in a JIT environment all the following are true except

- A. is more easily tracked to products.
B. is frequently direct in nature.
C. includes rent, insurance and utilities.
D. most of the costs are likely to be indirect in nature.

23 As production increases within the relevant range,

- A. variable costs will vary on a per unit basis.
B. variable costs will vary in total.

School of Distance Education

29 The following information belongs to John Manufacturing Company that uses a standard costing system:

- Basic wage rate:Rs.12 per hour
- Fringe benefits: Rs. 2 per hour
- Basic time: 2 hours per unit
- Allowance for down time: 0.3 hours per unit
- Allowance for brakes: 0.2 hours per unit

Based on the above information, what is the standard direct labor cost per unit?

- A. RS.35 B. RS.28 C. RS.30 D. RS.32.2

30 Which of the following is a correct formula for computing direct materials price variance?

- A. Standard quantity purchased \times (Actual rate - Standard rate)
- B. Actual quantity purchased \times (Actual rate - Standard rate)
- C. Standard quantity purchased \times (Actual rate + Standard rate)
- D. Actual quantity purchased \times (Actual rate + Standard rate)

31 A favorable direct materials price variance occurs when:

- A. Actual rate of direct materials is higher than standard rate of direct materials
- B. Actual rate of direct materials is equal to standard rate of direct materials
- C. Actual rate of direct materials is less than standard rate of direct materials
- D. Actual rate of direct materials is less than previous year's rate of direct materials

32 The “standard hours allowed” or “standard quantity allowed” is equal to:

- A. Actual output in units \times standard input allowed
- B. Actual output in units \times standard output allowed
- C. Actual output in units \times standard output allowed
- D. Standard output in units \times standard input allowed

33 During the month of January, the standard cost of actual hours worked amounted to Rs.25, 000, the standard direct labor rate was Rs.10 per hour and the direct labor efficiency variance amounted to Rs.1, 000 favorable. The standard hours allowed for actual production were:

School of Distance Education

- A 2,500 hours
C 10,000 hours
- B 2,400 hours
D 2,600 hours

34 Which one of the following does measure risk?

- A. Coefficient of variation
C. Expected value
- B. Standard deviation
D. All of the above are measures of risk.

35 A situation in which a decision maker knows all of the possible outcomes of a decision and also knows the probability associated with each outcome is referred to as

- A. Certainty.
C. Uncertainty.
- B. Risk.
D. Strategy.

36 A situation in which a decision maker must choose between strategies that have more than one possible outcome when the probability of each outcome is unknown is referred to as

- A. Diversification.
C. Risk.
- B. Certainty.
D. Uncertainty.

37 Circumstances that influence the profitability of a decision are referred to as

- A. Strategies.
C. States of nature.
- B. A payoff matrix.
D. The marginal utility of money.

38 The analysis of a complex decision situation by constructing a mathematical model of the situation and then performing a large number of iterations in order to determine the probability distribution of outcomes is called

- A. Sensitivity analysis.
C. Simulation
- B. Expected utility analysis.
D. A decision tree.

39 The tendency for low-quality cars to drive high quality cars out of the used car market is an example of

- A. Hedging.
C. Portfolio analysis.
- B. Adverse selection.
D. Moral hazard.

40 Which of the following is a way to deal with decision making under uncertainty?

School of Distance Education

- A. Simulation
C. Acquisition of additional information
- B. Diversification
D. Application of the maximin criterion

41 _____ is an objective assessment of an individual's performance against well-defined benchmarks.

- A. Performance Appraisal
C. Information for goal identification
- B. HR Planning
D. None of the above

42 what is linked with performance appraisal?

- A Job Design
C Job analysis
- B Development
D None of the above

43. which of the following is an alternate term used for performance appraisal?

- A. Quality and quantity of output
C. Employee assessment
- B. Job knowledge
D. None of the above

44. Match the following general applications of performance assessment with their specific purposes

- | | | |
|--|-------|---------------------------------------|
| I. Administrative Uses/ Decisions | ----- | A. Performance Feedback |
| II. Documentation | ----- | B. Lay - offs |
| III Organizational Maintenance/ Objectives | ---- | C. Helping to meet legal requirements |
| IV. Developmental Uses | ----- | D. Evaluation of HR systems |

- A. I-C, II-D, III-B, IV-A
C. I-B, II-C, III-D, IV-D
- B. I-B, II-C, III-D, IV-A
D. I-A, II-B, III-D, IV-C

45. Which of these is the main purpose of employee assessment?

- A. Making correct decisions
B. To effect promotions based on competence and performance
C. Establish job expectations
D. None of the above

School of Distance Education

46. How performance appraisal can contribute to a firm's competitive advantage?

- A. Ensures legal compliances
- B. Minimizing job dissatisfaction and turnover
- C. Improves performance
- D. All of the above

47. From the strategic point of view, in which three categories can an organisation, be grouped?

- A. Defenders
- B. Prospectors
- C. Analyzers
- D. All of the above

48. **Successful** defenders use performance appraisal for identifying _____.

- A. Staffing needs
- B. Job behaviour
- C. Training needs
- D. None of the above

49. Analyzers tend to emphasis both _____ and _____ and employee extensive training programmes.

- A. Skill building and skill acquisition
- B. Current performance and past performance
- C. Strategy and behaviour
- D. None of the above

50. What do successful analyzers tend to examine?

- A. Division and corporate performance evaluation
- B. Ideal appraisal process
- C. Current performance with past performance
- D. None of the above

51. which of the following cannot be a reason of unfavorable direct materials price variance?

- A Sudden rise in price of materials
- B Quality of materials purchased
- C Appointment of inexperienced workers
- D Inefficient standard setting

52. Which of the following is not likely to be a reason of unfavorable direct labor efficiency variance?

School of Distance Education

- A Increase in direct materials prices
- B Lack of proper supervision
- C Frequent break downs during production process
- D Use of old, outdated or faulty equipment

53 Question Selling price per tonne is Rs. 69.50, variable cost per tonne is Rs. 35.50 and fixed cost is Rs. 18, 02,000. Find out the BEP in units

- (A) 49000 (B) 51000 (C) 53000 (D) 55000

54 Labour Efficiency Standards are decided by considering following factor(s)

- (A) Records of past performance (B) Time & Motion Study
(C) Trial Runs (D) All of the above

55 A good _____ system will not punish the workers for the matters beyond the control of the workers.

- (A) Wage payment (B) Appraisal
(C) Promotion (D) none of the above

56 _____ do not give the returns during the same period during which they are paid for

- (A) Intangible assets (B) Fixed assets
(C) Both (A) and (B) (D) None of the above

57 ----- Following is (are) called the element(s) of Cost

- (A) Material (B) Labour
(C) Expenses (D) All of the above

58 The cause(s) of idle time can be analysed as

- (A) Administrative causes (B) Productive causes
(C) Economic causes (D) All of the above

59 _____ Accounting becomes a source of information for Management Accounting.

- (A) Financial (B) Cost
(C) Both (A) and (B) (D) None of the above

School of Distance Education

60 Which of the following cannot be a reason of unfavorable direct materials quantity variance?

- (A) Unmotivated workers
- (B) Lack of supervision
- (C) Frequent power failures
- (D) Uneconomical order size

61 Which of the following is not likely to be a reason of unfavorable direct labor rate variance?

- (A) Poor estimates while setting direct labor standards
- (B) An increase in labor rates and overtime premium
- (C) Frequent break downs
- (D) Assignment of easy tasks to highly skilled workers

62 Standard Costing specifically relates to the function of

- (A) Finance
- (B) Production
- (C) Quality
- (D) None of the above

63 Cost Accounting restrict itself with _____ transactions

- (A) Financial
- (B) Spot
- (C) Historical
- (D) Administrative

64 In Cash budget, Non- operating cash inflow include(s)

- (A) Receipt of loan/borrowings
- (B) Issue of shares
- (C) Sale of fixed assets
- (D) All of the above

65 Sales Budget is a forecast expressed in

- (A) Quantity
- (B) Money
- (C) Both (A) and (B)
- (D) None of the above

66 Following is used as tool for Cost Control

- (A) Marginal cost
- (B) Historical cost
- (C) Standard cost
- (D) All of the above

67 The term management accounting was first coined in

- (A) 1960
- (B) 1950
- (C) 1945
- (D) 1955

School of Distance Education

68 Management accounting is

- 1) Subjective
- 2) Objective

- (A) Only 1
- (C) Both 1 and 2

- (B) Only 2
- (D) None of the above

69 The use of management accounting is

- A) Optional
- C) Legally obligatory
- B) Compulsory
- D) Compulsory to some and optional to others

70 The management accounting can be stated an extension of

- 1) Cost Accounting
- 2) Financial Accounting
- 3) Responsibility Accounting

- A) Both 1 and 2
- C) Both 2 and 3
- B) Both 1 and 3
- D) 1, 2, 3

71 Who coined the concept of management accounting?

- A) R.N Anthony
- C) J. Batty
- B) James H. Bliss
- D) American Accounting Association

72 The definition 'Management Accounting is the presentation of accounting information in such a way as to assist management in the creation of policy and the day-to-day operation of an undertaking.'

- A) Anglo –American Council on Productivity
- C) Robert N. Anthony
- B) AICPA
- D) All of the above

73 During the month of December actual direct labor cost amounted to Rs. 39,550, the standard direct labor rate was Rs.10 per hour and the direct labor rate variance amounted to Rs.450 favorable. The actual direct labor hours worked was:

- A) 3,955 hours
- C) 3,910 hours
- B) 4,000 hours
- D) 4,500 hours

School of Distance Education

74 Responsibility centres are departments or organizational functions whose performance is the direct responsibility of specific managers. One type of responsibility centre is a revenue centre, which is responsible for

- A) Investments and costs
- B) sales and profits
- C) profits
- D) sales

75 Key motivational factors in budgeting do not include

- A) Training in the budget process
- B) correct identification of the blame for below budget performance
- C) the feedback of information
- D) the setting of fair, achievable standards

76 Which of the following does not help to minimize the problems encountered in budgeting?

- A) Ensuring adequate budget planning
- B) identifying the responsibility for key performance areas
- C) Encouraging manager participation
- D) keeping bad news from the managing director

77 What would be the most likely cause of an unfavourable labour rate variance together with a favourable labour efficiency variance?

- A) The employment of more highly skilled staff than budgeted
- B) Poor wage negotiation by the Human Resources manager
- C) The employment of less well-trained staff than in
- D) Improved production efficiencies

78 A budgeting process which demands each manager to justify his entire budget in detail from beginning is

- A) Functional budget
- B) Master budget
- C) Zero base budgeting
- D) none of the above

79 _____ is the first step of budgetary system and all other budgets depends on it.

- A) Cost budget
- B) Sales budget
- C) Production budget
- D) None of the above

School of Distance Education

80 _____ contains the picture of total plans during the budget period and it comprises information relating to sales, profit, cost, production etc.

- A) Master budget
- B) Functional budget
- C) Cost budget
- D) None of the above

81 Budgetary control system acts as a friend, philosopher and guide to the...

- A) Management
- B) Share holders
- C) Creditors
- D) Employees

82 Budgetary control facilitates easy introduction of the...

- A) Marginal costing
- B) Ratio analysis
- C) Standard costing
- D) Subjective matter

83 Key factor is also known as...

- A) Limiting factor
- B) Governing factor
- C) Principal factor
- D) All

84 The responsibility accounting stresses on _____

- A) Decentralization
- B) Centralization
- C) Both (a) & (b)
- D) None of these

85 In responsibility accounting system...

- A) Budgets are prepared
- B) Actual performance is recorded
- C) The performance is reported
- D) All of the above

86 The responsibility accounting emphasizes the performance of _____

- A) System
- B) Men
- C) Both
- D) None of these

87 The responsibility accounting is also called...

- A) Profitability accounting
- B) Activity accounting
- C) Both
- D) None of these

88 The responsibility accounting is the part of ...

- A) Financial accounting
- B) Management accounting

School of Distance Education

97 Flexible manufacturing systems (FMS) are reported to have a number of benefits. Which is NOT a reported benefit of FMS?

- A) Lead time and throughput time reduction
- B) Increased quality
- C) More flexible than the manufacturing systems they replace
- D) Increased utilisation

98 The use of Internet-based technology, either to support existing business processes or to create entirely new business opportunities, has become known as what?

- A) E-globalization
- B) E-business
- C) E-value creation
- D) E-process management

99 Which one of the following is not one of the Balanced Scorecard's four generic perspectives?

- A) Marketing and advertising
- B) internal business processes
- C) Innovation and learning
- D) financial

100 Which one of the following statements is true?

- A) Balanced Scorecards are a feedback mechanism
 - B) Balanced Scorecards always have four perspectives
 - C) Balanced Scorecards can be used in Not-for-Profit organisations
 - D) Balanced Scorecards can only be updated on an annual basis
- =====

School of Distance Education

ANSWERS

1 B	21 B	41 A	61 C	81 A
2 A	22 D	42 C	62 B	82 C
3 D	23 B	43 C	63 C	83 D
4. B	24 D	44 B	64 D	84 A
5. D	25 C	45 B	65 C	85 D
6. D	26 B	46 D	66 C	86 B
7 A	27 B	47 D	67 B	87 C
8 D	28 B	48 C	68 A	88 B
9 A	29 A	49 A	69 A	89 A
10 C	30 B	50 C	70 D	90 A
11 B	31 C	51 C	71 B	91 B
12 C	32 B	52 A	72 A	92 C
13 D	33 D	53 C	73 B	93 A
14 B	34 C	54 D	74 D	94 C
15 A	35 B	55 A	75 B	95 A
16 A	36 D	56 B	76 D	96 C
17 D	37 C	57 D	77 A	97 C
18 A	38 C	58 D	78 C	98 B
19 C	39 B	59 A	79 B	99 A
20 D	40 A	60 D	80 A	100 C



A

M

K

UNIVERSITY OF CALICUT
School of Distance Education

CORPORATE GOVERNANCE AND BUSINESS ETHICS

I Semester – Paper II

M.Com. (2019 Admn.)

Multiple Choice Questions

1. The framework for establishing good corporate governance and accountability was originally setup by
 - a) Nestle committee
 - b) Rowntree committee
 - c) Cadbury committee
 - d) Thornton committee
2. Which of the following is not one of the underlying principles of the corporate governance combined code of practice?
 - a) Accountability
 - b) Openness
 - c) Acceptability
 - d) Integrity
3. External audit of the accounts of a limited company is required?
 - a) Because it is demanded by the company's bankers
 - b) By the companies act 2006
 - c) At the discretion of the shareholders
 - d) To detect fraud
4. Directors responsibilities are unlikely to include
 - a) a duty to keep proper accounting records
 - b) a fiduciary duty
 - c) a duty to propose high dividends for shareholders
 - d) a duty of care
5. A company may become insolvent if it
 - a) makes a loss
 - b) has negative working capital
 - c) cannot meet its budgeted level of profit
 - d) cannot pay creditors in full after realisation of its assets

6. Fraudulent trading may be
- a) a criminal offence committed only by directors of a limited company
 - b) a civil and a criminal offence committed by an employee
 - c) a civil and a criminal offence committed only by directors of a limited company
 - d) a civil offence committed by an employee
7. A director of a limited company may not be liable for wrongful trading if he or she
- a) increased the valuation of its inventories to cover any potential shortfall
 - b) brought in some expected sales from next year in to the current year
 - c) took every step to minimise the potential loss to creditors
 - d) introduce into the balance sheet an asset based on a valuation of its brands sufficient to meet any shortfall
8. Disqualification of directors may result from breaches under the
- a) Health and Safety Act
 - b) Financial Services Act
 - c) Sale of Goods Act
 - d) Companies Act
9. According to clause 49 on independent directors. What should be minimum age of independent director.
- a) 21
 - b) 22
 - c) 23
 - d) 24
10. who formed the ICGN?
- a) European governments
 - b) US share holders
 - c) Pension funds
 - d) Stock markets
11. A company cannot issue redeemable preference shares for a period exceeding
- a) 5 years
 - b) 10 years
 - c) 15 years
 - d) 20 years
12. which one is the dimension (approach) of corporate social responsibility?
- a) Corporate philanthropy
 - b) Stake holders priorities and sustainable development
 - c) Ethical business
 - d) All of the above
13. According to clause 49 on independent directors. What can be maximum tenure of independent director.
- a) 2 terms of 5 years each
 - b) 3 terms of 5 years each
 - c) 2 terms of 10 years each
 - d) 3 terms of 4 years each

14. According to section 179 which one of the following is a power of director?
- a) To buy back its shares
 - b) Sell lease or otherwise dispose of the undertakings of the company
 - c) Remit or give time for the repayment of any debt due by a director
 - d) Making political contributions exceeding specified limits
15. What is kieretsu
- a) Pension fund
 - b) Corporate group
 - c) Stock exchange
 - d) Futures Market
16. The concept of Corporate Social Responsibility originated in which time period?
- a. 1920's and 1930's
 - b. 19th Century
 - c. 1980's and 1990's
 - d. 1960's and 1970's
17. Worldwide, about _____ percent of businesses in the private sector are small or medium sized.
- a. 80
 - b. 85
 - c. 90
 - d. 99
18. The generally accepted definition of a small business is one with _____ or fewer employees.
- a. 10
 - b. 20
 - c. 25
 - d. 50
19. The generally accepted definition of a medium business is one with _____ or fewer employees.
- a. 50
 - b. 100
 - c. 200
 - d. 250
20. In the United States, small or medium sized businesses provide over _____ percent of total employment.
- a. 25
 - b. 40
 - c. 50
 - d. 75
21. Owners of stock in a corporation are only liable for _____.
- a. the amount they have invested in the company's stock
 - b. their personal assets
 - c. the amount they have invested in the company's stock and their personal assets
 - d. none of the above.
22. A _____ of an issue consists of weighing and balancing all of the competing demands on a firm by each of those who have a claim on it.
- a. stakeholder analysis
 - b. board of directors analysis
 - c. corporation analysis
 - d. management analysis

23. The _____ that corporations must meet is “do no harm”.
- a. moral obligation
 - b. moral minimum
 - c. moral requirement
 - d. moral duty
24. In large corporations, the _____ is/are the legal overseers of management.
- a. CEO
 - b. shareholders
 - c. board members
 - d. none of the above
25. The _____ position is that a corporation can and should be evaluated not only in terms of its financial bottom line, but also in terms of its environmental bottom line and its social/ethical bottom line.
- a. Bottom line
 - b. Double Bottom line
 - c. Triple Bottom line
 - d. Final line
26. Triple Bottom Line reporting refers to:
- a. using a low, medium and high estimates for profitability forecasts.
 - b. measuring the impact of the firm on stockholders, customers and employees.
 - c. measuring the social, environmental, and financial performance of the firm.
 - d. measuring the impact of local, state, and federal governments on the firm.
27. Corporate governance can be defined as:
- a. the system used by firms to control the actions of their employees.
 - b. the election process used to vote in a new Board of Director.
 - c. the corporate compliance system used by the firm.
 - d. the system used by firms to identify who the critical stakeholders are for the firm.
28. The system that is used by firms to control and direct their operations and the operations of their employees is called:
- a. Corporate Compliance.
 - b. Corporate Governance.
 - c. Corporate Control.
 - d. Corporate Directive.
29. Which board of directors committee is responsible for the guidelines on how the board of directors should operate.
- a. Operating
 - b. Corporate governance
 - c. Corporate compliance
 - d. Guiding
30. The Sarbanes-Oxley Act was a direct response to which ethics scandals?
- a. Tyco
 - b. WorldCom
 - c. Enron
 - d. None of the above.

31. What is the name of the process in which an employee informs another responsible employee in the company about potentially unethical behavior?

- a. Whistle-blowing
- b. Purging and releasing
- c. Identification
- d. Information transfer

32. There are _____ conditions that, if satisfied, change the moral status of whistle blowing.

- a. three
- b. four
- c. five
- d. six

33. An example of a whistle blower whose actions were a form of internal government whistle blowing is:

- a. Sherron Watkins.
- b. Coleen Rowley.
- c. Cynthia Cooper.
- d. Lee Iacocca.

34. One whistle blower the text mentions is Cynthia Cooper who was the vice president of internal audit at _____.

- a. Enron
- b. WorldCom
- c. Tyco
- d. none of the above

35. One classic example of whistle-blowing is the:

- a. Ford Pinto case.
- b. Lincoln case.
- c. Toyota case.
- d. none of the above.

36. A whistle-blower:

- a. doesn't have to be a past or present member of the organization.
- b. doesn't have to report activity that is illegal, immoral, or harmful.
- c. is any employer who spreads gossip.
- d. far from being disloyal, may be acting in the best interest of the organization.

37. The Sarbanes-Oxley Act:

- a. makes it easier to fire whistle blowers.
- b. reduces the law's protection of employees who disclose securities fraud.
- c. makes it illegal for executives to retaliate against employees who report possible violations of federal law.
- d. provides penalties for blowing the whistle illegitimately or maliciously.

38. Inside traders ordinarily defend their actions by claiming that they don't injure:

- a. their boss.
- b. their family.
- c. the government.
- d. any one.

39. Shareholders have the right to know all except:

- a. Information on the management of the corporation

- b. Trade secrets
 - c. The companies financial position
 - d. The companies general plans for the future.
40. Which act provides sweeping new legal protection for employees who report possible securities fraud making it unlawful for companies to “discharge, demote, suspend, threaten, harass, or in any other manner discriminate against” them?
- a. Sarbanes-Oxley Act of 2002
 - b. Foreign Corruption Act
 - c. Economic Espionage Act
 - d. U.S. vs. O’Hagan
41. What is meant by the phrase CSR?
- a) Corporate Social Responsibility
 - b) Company Social Responsibility
 - c) Corporate Society Responsibility
 - d) Company Society Responsibility
42. What is meant by the phrase 'teleological ethics'?
- a) Is used to judge is an action is right, fair and honest.
 - b) An action can only be judged by its consequences
 - c) Developing the individual personal characteristics
 - d) The key purpose of ethics is to increase freedom.
43. What, according to Adam Smith, is the best way to promote collective interest?
- a) Through government making decisions about what is in the public interest.
 - b) Through everyone working together to support each other.
 - c) Through everyone working on their own self interest
 - d) Through individuals forgoing their personal interest for the good of the collective.
44. Why, according to stakeholder theory, is it in companies' best interests to pay attention to their stakeholders?
- a) If firms only act in their own self-interest employees may feel exploited.
 - b) If firms only act in their own self-interest government might put more regulation on them.
 - c) If firms only act in their own self-interest customers might not like the image that the company portray.
 - d) If firms only act in their own self-interest and inflict harm on stakeholders then society might withdraw its support.
45. What is the enlightened self-interest model of CSR?
- a) That it is in an organization's own best interest to put itself first rather than its ethics.
 - b) That it is in an organization's best interest to consider what a shareholder would want.
 - c) That it is in an organization's own best interest to act in an ethical way.

d) That it is in an organization's own best interest to follow the legislation and abide by the law.

46. What is green washing?

- a) Transforming products to be more ethical.
- b) Making a product appear more ethical than it really is.
- c) Converting the company to green production methods.
- d) Convincing customers to buy ethically.

47. What is triple bottom line?

- a) An accounting tool that looks at the impact on people, planet and profits.
- b) A management strategy which states all the attention should be on profits.
- c) An accounting tool that looks at cost, profit and loss.
- d) A management strategy which focuses on corporate social responsibility.

48. A _____ sets out the purpose and general direction for the organisation?

- a) Mission statement
- b) Purpose statement
- c) Vision
- d) Profit statement

49. Which of the following would most effectively act as the primary objective of a business organisation?

- a) To make a profit
- b) To procure resources
- c) To communicate with shareholders
- d) To mediate between the organisation and the environment

50. What is the purpose of a balanced scorecard?

- a) To measure contribution of people to business growth
- b) To combine a range of qualitative and quantitative indicators of performance
- c) To relate business performance to customer satisfaction
- d) All of the above

51. Which of the following does the term Corporate Social Responsibility relate to?

- a) Ethical conduct
- b) Environmental practice
- c) Community investment
- d) All of the above

52. Who are organisational stakeholders?

- a) Government
- b) Employees
- c) Customers
- d) All of the above

53. What is Ethics to do with?

- a) The wider community
- b) Business
- c) Right and wrong
- d) Nothing

54. Which of the following is an example of an area where business ethics apply?

- a) Conduct of international operations
- b) Nowhere
- c) In the personal life of staff
- d) None of the above

55. Which legislation relates to the concept of business ethics?

- a) Freedom of Information Act
- b) Food Act
- c) Building regulations
- d) All of these

56. The four types of social responsibility include:

- a) legal, philanthropic, economic, and ethical
- b) ethical, moral, social, and economic
- c) philanthropic, justice, economic, and ethical
- d) legal, moral, ethical, and economic

57. The _____ dimension of social responsibility refers to a business's societal contribution of time, money, and other resources.

- a) Ethical
- b) Philanthropic
- c) Volunteerism
- d) Strategic

58. Stakeholders are considered more important to an organization when:

- a) they can make use of their power on the organization
- b) they do not emphasize the urgency of their issues
- c) their issues are not legitimate
- d) they can express themselves articulately

59. A _____ is a problem, situation, or opportunity requiring an individual, group, or organization to choose among several actions that must be evaluated as right or wrong.

- a) Crisis
- b) ethical issue
- c) indictment
- d) fraud

60. Which moral philosophy seeks the greatest good for the greatest number of people?

- a) Consequentialism
- b) Utilitarianism
- c) Egoism
- d) Ethical formalism

61. What type of justice exists if employees are being open, honest, and truthful in their communications at work?

- a) Procedural
- b) Distributive
- c) Ethical
- d) Interactional

62. A high-commitment approach to environmental issues may include all of the following except:

- a) risk analysis
- b) stakeholder analysis
- c) green-washing
- d) strategic sustainability auditing

63. Better access to certain markets, differentiation of products, and the sale of pollution-control technology are ways in which better environmental performance can:

- a) increase revenue
- b) increase costs
- c) decrease revenue
- d) decrease costs

64. Most companies begin the process of establishing organizational ethics programs by developing:

- a) ethics training programs.
- b) codes of conduct.
- c) ethics enforcement mechanisms.
- d) hidden agendas.

65. When a firm charges different prices to different groups of customers, it may be accused of:

- a) cultural relativism
- b) money laundering
- c) facilitating payments
- d) price discrimination

66. The social economy partnership philosophy emphasizes:

- a) cooperation and assistance.
- b) profit maximization.
- c) competition.
- d) restricting resources and support.

67. Which of the following is not a driver of responsible competitiveness?

- a) Policy drivers
- b) Development drivers
- c) Business action
- d) Social enablers

68. Which of the following is a problem presented by ethics audits?

- a) They may be used to reallocate resources.
- b) They identify practices that need improvement.
- c) Selecting auditors may be difficult.
- d) They may pinpoint problems with stakeholder relationships.

69. The first step in the auditing process should be to secure the commitment of:

- a) employees.
- b) top executives and directors.
- c) stockholders.
- d) customers.

70. Codes of conduct and codes of ethics

- a) are formal statements that describe what an organization expects of its employees.
- b) become necessary only after a company has been in legal trouble.

- c) are designed for top executives and managers, not regular employees.
- d) rarely become an effective component of the ethics and compliance program.

71. Which of the following is NOT one of the primary elements of a strong organizational compliance program?

- a) A written code of conduct
- b) An ethics officer
- c) Significant financial expenditures
- d) A formal ethics training program

72. _____ are standards of behaviour that groups expect of their members.

- a) Codes of conduct.
- b) Group values.
- c) Group norms.
- d) Organizational norms.

73. In a _____ organization, decision making is delegated as far down the chain of command as possible.

- a) Decentralized
- b) Creative
- c) Flexible
- d) Centralized

74. Managerial ethics can be characterised by all of the following levels except

- a) immoral management
- b) amoral management
- c) demoral management
- d) moral management

75. External audit of the accounts of a limited company is required

- a) because it is demanded by the company's bankers
- b) by the Companies Act 2013
- c) at the discretion of the shareholders
- d) to detect fraud

76. Directors' responsibilities are unlikely to include.

- a) a fiduciary duty
- b) a duty to keep proper accounting records
- c) a duty to propose high dividends for shareholders
- d) a duty of care

77. A company may become insolvent if it

- a) has negative working capital
- b) cannot meet its budgeted level of profit
- c) makes a loss
- d) cannot pay creditors in full after realisation of its assets

78. A director of a limited company may not be liable for wrongful trading if he or she
- a) took every step to minimise the potential loss to creditors
 - b) increased the valuation of its inventories to cover any potential shortfall
 - c) introduced into the balance sheet an asset based on a valuation of its brands sufficient to meet any shortfall
 - d) brought in some expected sales from next year into the current year

79. Fraudulent trading may be

- a) a civil offence committed by any employee
- b) a criminal offence committed only by directors of a limited company
- c) a civil and a criminal offence committed only by directors of a limited company
- d) a civil and a criminal offence committed by any employee

80. The OECD argues that corporate governance problems arise because:

- a) Ownership and control is separated
- b) Managers always act in their own self interest
- c) Profit maximization is the main objective of organizations
- d) Stakeholders have differing levels of power

81. An organization that is owned by shareholders but managed by agents on their behalf is conventionally known as the modern:

- a) Conglomerate
- b) Corporation
- c) Company
- d) Firm

82. The modern corporation has four characteristics. These are limited liability, legal personality, centralized management and:

- a) Fiduciary duty
- b) Stakeholders
- c) Shareholders
- d) Transferability

83. What makes a corporation distinct from a partnership?

- a) If the members of a corporation die, the corporation remains in existence providing it has capital
- b) If the members of a corporation die, the corporation ceases to exist
- c) A corporation cannot own property
- d) A corporation cannot be held responsible for the illegal acts of its employees

84. The term 'asymmetry of information' means information in a corporation is:

- a) Transferable to all stakeholders
- b) Not transferable to all stakeholders
- c) Not equally transparent to all stakeholders
- d) Equally transparent to all stakeholders

85. The view that sees profit maximization as the main objective is known as:

- a) Shareholder theory
- b) Principal-agent problem
- c) Stakeholder theory
- d) Corporation theory

86. Where an organization takes into account the effect its strategic decisions have on society, this is known as:

- a) Corporate governance
- b) Business policy
- c) Business ethics
- d) Corporate social responsibility

87. Which intervention resulted from the Enron scandal?

- a) The Hampel Committee
- b) The Sarbannes-Oxley Act
- c) The Greenbury Committee
- d) The Cadbury Committee

88. Periodic ethics audits

- a) Are required by the Indian stock exchange
- b) A method of fostering ethics
- c) A method of quantitative assessment
- d) Always use external consultants

89. Political intrusion into business

- a) May be desirable in some circumstances
- b) Is anathema
- c) Politics should have no say in how business is conducted
- d) state legislation over-rides Federal Legislation

90. Quantification in ethics may be done by

- a) Putting monetary value on prospective actions
- b) Comparing the value of one action with another
- c) Both A and B
- d) Neither A or B

91. The _____ approach to formal corporate ethics initiatives is proactive and inspirational.

- a) Rules
- b) Compliance
- c) Principles
- d) Values

92. The _____ approach to formal corporate ethics initiatives focuses on meeting required behaviour norms or obeying the letter of the law

- a) Rules
- b) Compliance
- c) Principles
- d) Values

93. Which of the following is associated with the classical view of social responsibility?

- a) economist Robert Reich
- b) concern for social welfare
- c) stockholder financial return
- d) voluntary activities

ANSWER KEY

1	B	21	D	41	A	61	D	81	B
2	C	22	A	42	B	62	C	82	D
3	B	23	B	43	C	63	A	83	A
4	C	24	C	44	D	64	B	84	C
5	D	25	B	45	C	65	A	85	C
6	B	26	C	46	B	66	A	86	D
7	C	27	A	47	A	67	B	87	B
8	D	28	B	48	A	68	C	88	B
9	A	29	B	49	A	69	B	89	A
10	C	30	C	50	B	70	A	90	C
11	D	31	A	51	D	71	C	91	D
12	D	32	C	52	D	72	C	92	B
13	A	33	B	53	C	73	D	93	C
14	A	34	B	54	A	74	C	94	B
15	B	35	A	55	A	75	B	95	D
16	D	36	C	56	A	76	C	96	A
17	C	37	D	57	B	77	D	97	D
18	D	38	D	58	A	78	A	98	C
19	D	39	B	59	B	79	D	99	A
20	C	40	A	60	B	80	A	100	B

**Prepared by : Dr.Abdul Azeez P,
Assistant Professor,
Dept. of Commerce,
Farook College, Calicut.**

UNIVERSITY OF CALICUT
School of Distance Education

MCM2C09 – INTERNATIONAL BUSINESS

M.Com. II Semester (2019 Admn.)

Multiple Choice Question Bank

1. Trade Related Investment Measures (TRIMS) doesn't apply for
 - a) Measures that affect trade in goods.
 - b) Measures that lead to restrictions on quantities.
 - c) Discouraging measures that limit a company's imports.
 - d) Discouraging measures that limit a company's exports.

2. General Agreement on Trade in Services will not be applicable to
 - a) Services supplied from one country to another – cross border supply
 - b) Transaction of goods across the border – Export Import
 - c) Individuals traveling from own country to supply services in another – presence of natural persons.
 - d) Consumers/firms making use of a service in another country – consumption abroad.
 - e) Foreign company setting up subsidiary or branches to provide services in another country – commercial presence.

3. As a part of WTO guidelines, Agreement on Agriculture (AOA) doesn't consider
 - a) Direct payments to farmers are permitted.
 - b) Indirect assistance and support to farmers including R & D support by govt. are not permitted.
 - c) Domestic policies which directly effect on production and trade have to be cut back.
 - d) Least developed countries do not need to make any cuts.

4. Quantitative restrictions refer to limit set by countries to curb
 - a) Imports
 - b) Exports
 - c) Imports & exports
 - d) None of the above

5. A Most Favoured nation status doesn't necessarily refer to
- a) Same and equal economic treatment
 - b) Non-discriminatory treatment
 - c) Same tariff rates applicable
 - d) Uniform civil code
6. The world trade organization was formed in the year _____ with GATT as its basis.
- a) 1993
 - b) 1994
 - c) 1995
 - d) 1996
7. Power distance Index (PDI) of 77 compared to a world average of 56.5 for India indicates
- a) High level of inequality of power and wealth within the society
 - b) Low level of inequality of power and wealth within the society
 - c) High level of Political corruption
 - d) Low level of Human development Index
8. Specific cultural dimensions that does not have a significant impact on cross-national business interactions is
- a) Hofstede's five cultural dimensions
 - b) Monochromatic vs polychromatic time
 - c) Communication
 - d) Geography
9. Professional culture refers to
- a) Shared belief of top managers about how they should manage themselves and their employees
 - b) Shared code of ethics and other commonalities shared by members of a given group
 - c) Both (a) and (b)
 - d) None of the above
10. An attribute that doesn't contribute to Porter's Diamond model is
- a) Government
 - b) Organized Trade union
 - c) Factor Conditions
 - d) Demand Conditions
 - e) Firm strategy, structure and rivalry
11. _____ theory states that, lack of resources often helps countries to become competitive
- a) Competitive theory
 - b) Porter's Diamond Model
 - c) Theory of Mercantilism
 - d) Product life cycle theory

19. Factor of Interdependence in Multi-domestic strategy is
- a) Low b) Moderate c) High d) Very High
20. In 90's the global management perception was based on
- a) Standardization v/s adaptation b) Globalization v/s localization
c) Global integration v/s Local Responsiveness d) Local responsiveness
21. Which of the following is an advantage of turnkey projects?
- a) Can earn a return on knowledge asset b) Will not create a competitor
c) Tight control of operations d) All the above
22. The agreement signed by Ranbaxy Laboratory and Bayer AG of Germany in the year 1999 is an example of
- a) Subsidiary b) Joint venture
c) Strategic International Alliance d) License agreement
23. CISF pricing includes the following
- a) Commission is paid to the agent involved in the transaction
b) Cost of the goods exported
c) Freight & Insurance charges for the goods exported
d) All of the above
24. When the transaction is of high value, complex In nature and more technical _____ method of the export sales contract is used.
- a) Proforma invoice b) Purchase order
c) Sales contract d) None of the above
25. Which one of the following is a method for an exporter to get a contract
- a) Proforma invoice b) Purchase order
c) Sales contract d) All the above
26. Credits transferable by original beneficiary in favor of secondary beneficiary are known as
- a) Deferred credits b) Transit credits
c) Instalment credits d) Transferable credits

27. When the exporter, expects the importer, to make the payment immediately upon the draft being presented to him is called.

- a) Sight Draft.
- b) Usance Draft
- c) Demand draft
- d) Pay Note

28. The basic objective of export Promotion Council is to promote and develop the Exports of the

- a) Particular products of country
- b) Only attractive projects of the country
- c) Only services industry products of the country
- d) Overall exports of the country.

29. The theory of Comparative cost advantage is given by

- a) Porter
- b) Adam Smith
- c) Varnoon
- d) D.Richardo

30. Trade Related Investment Measures (TRIMS) doesn't apply for

- a) Measures that lead to restrictions in quantities.
- b) Discouraging measures that limit a company's imports
- c) Discouraging measures that limit a company's exports.
- d) ALL OF THE ABOVE

31. As a part of WTO guidelines, Agreement on Agriculture (AOA) doesn't consider

- a) Direct payments to farmers are permitted.
- b) Indirect assistance and support to farmers including R & D support by govt. are not permitted
- c) Domestic policies which directly effect on production and trade have to be cut back.
- d) Least developed countries do not need to make any cuts.

32. Power distance Index (PDI) of 77 compared to a world average of 56.5 for India indicates

- a) High level of inequality of power and wealth within the society
- b) Normal Power and Wealth
- c) High level of political corruption
- d) Low level of Human Development Index

33. Identify a factor that doesn't play an important role in attracting FDI
- a) Language
 - b) Laws, rules and regulations
 - c) Cost of resources
 - d) Infrastructure related factors
34. Factor of Interdependence in Multi-domestic strategy is
- a) LOW
 - b) MODERATE
 - c) HIGH
 - d) VERY HIGH
35. The first phase of globalization started around 1870 and ended with ...
- a) The World War I
 - b) The World War II
 - c) The Establishment of GATT
 - d) In 1913 when GDP was high
36. An attribute that doesn't contribute to Porters Diamond model is
- a) Government
 - b) Organized Trade union
 - c) Factor Conditions
 - d) Demand Conditions
37. Which of these is a characteristic of multinational corporations?
- a) At least one-third directors are foreign nationals
 - b) The company does 40% of its business in foreign markets
 - c) The overseas markets are larger than the domestic market
 - d) The affiliates are responsive to a number of important environmental forces
38. According to this theory the holdings of a country's treasure primarily in the form of gold constituted its wealth.
- a) Gold Theory
 - b) Ricardo Theory
 - c) Mercantilism
 - d) H.O. THEORY
39. The Theory of Absolute Cost Advantage is given by
- a) Adam Smith
 - b) D. Ricardo
 - c) Raymond Vernon
 - d) Porter
40. The Theory of Relative Factor Endowments is given by
- a) Ohlin-Heckscher
 - b) F.Y. Taylor
 - c) Ricardo
 - d) Porter

41 is application of knowledge which redefine the boundaries of global business

- a) Cultural Values
- b) Society
- c) Technology
- d) Economy

42. Capitalistic, communistic and mixed are the types of

- a) Economic system
- b) Political system
- c) Social System
- d) Cultural Attitudes

43. General Agreement on Trade in Services will not be applicable to

- a) Services supplied from one country to another – cross border supply
- b) Transaction of goods across the border – Export Import
- c) Individuals traveling from own country to supply services in another – presence of natural persons.
- d) Consumers/firms making use of a service in another country – consumption abroad

44. Quantitative restrictions refer to limit set by countries to curb

- a) Imports
- b) Exports
- c) Imports and Exports
- d) All of the above

45. India is an

- a) Emerging economy
- b) Developed economy
- c) Less developed economy
- d) None of these

46. The world trade organization was formed in the year _____ with GATT as it basis.

- a) 1992
- b) 1993
- c) 1995
- d) 1994

47. _____ theory states that, lack of resources often helps countries to become competitive

- a) Competitive theory
- b) Porters Diamond Model
- c) Theory of Mercantilism
- d) Product life cycle theory

48. Theory of Mercantilism propagates

- a) Encourage imports and exports

- b) Encourage exports and discourage imports
 - c) Discourage imports
 - d) None of these
49. The country that attract the largest FDI inflow is
- a) USA b) INDIA c) CHINA d) BRAZIL
50. General electric follows _____ as its international operational strategy
- a) GLOBAL b) TRANSNATIONAL
 - c) INTERNATIONAL d) MULTI-DOMESTIC
51. Typically the last step in the internationalization process is:
- a) Licensing b) Exporting
 - c) Wholly owned subsidiaries d) Foreign Direct Investment
52. Which of the following is an advantage of turnkey projects?
- a) Can earn a return on knowledge asset b) Will not create a competitor
 - c) Tight control of operations d) All the above
53. Which of these is/are the characteristic of a licensing agreement
- a) The licensor might provide access to some of its patents or trademarks
 - b) The licensor might provide access to technology
 - c) It might be used to avoid the risks of foreign involvement
 - d) All of the above
54. IBRD (International Bank for Reconstruction and Development) also known as
- a) EXIM Bank b) World Bank
 - c) IMF d) International Financial Bank
55. Ultimately was replaced by theon 1st Jan 1995
- a) GATT/WTO b) GATS/IMF
 - c) WTO/WORLD BANK d) WORLD BANK/WIPO

56. Which is the right sequence of a stages of Internationalization

- a) Domestic, Transnational, Global, International, Multinational
- b) Domestic, International, Multinational, Global, Transnational
- c) Domestic, Multinational, International, Transnational, Global
- d) Domestic, International, Transnational, Multinational, Global

57. Subsidiaries consider regional environment for policy / Strategy formulation is known as

- a) Polycentric Approach
- b) Regiocentric Approach
- c) Ethnocentric Approach
- d) Geocentric Approach

58. By entering into international business, a firm expects improvement in

- A. Marketing.
- B. All spheres of marketing, operation and finance simultaneously.
- C. Any or all spheres of marketing, operation and finance.
- D. Finance only.

59. By having business in different countries, a firm reduces

- A. credit risk.
- B. political risk.
- C. financial risk.
- D. business risk.

60. Free international trade maximizes world output through

- A. Countries specializing in production of goods they are best suited for.
- B. Reduction in taxes.
- C. Increased factor income.
- D. Encouraging competition.

61. International business does not result in the following

- A. Innovation is encouraged.
- B. International cooperation is encouraged.
- C. Imports are rendered cheap.
- D. Consumption is minimized.

62. Uneven distribution of natural resources

- A. is the only cause for international business.
- B. is the major factor for international business.
- C. is among the major factors for international business.
- D. is not a cause for international business.

63. The following factor does not differentiate international business from domestic business

- A. different currencies
- B. product quality
- C. product mobility
- D. trade policies

64. Geographical indications specify

- A. Place of origin of goods.
- B. Special characteristics of the product associated with the place of origin.
- C. Place and special characters of the product.
- D. Place or special characters of the product.

65. Business across several countries with some decentralization of management decision making to subsidiaries is

- A. Global business.
- B. Multinational business.
- C. Transnational business.
- D. Multi-regional business.

66. Wholly owned subsidiary can be set up

- A. as a Greenfield venture.
- B. to acquire an existing firm.
- C. to have products marketed overseas.
- D. to have management is overseas.

67. The essential feature of FDI is

- A. Investment of a very high value.
- B. Investment in shares.
- C. Investor's influence on the management of the enterprise.
- D. Investment of low value.

68. No new investment in the host country is created in the case of

- A. Greenfield FDI.
- B. Acquisition.
- C. Horizontal FDI.
- D. Vertical FDI.

69. A firm investing in a foreign country to distribute the products there in creation of

- A. Asset seeking FDI.
- B. Backward vertical FDI.
- C. Forward vertical FDI.
- D. Distribution FDI.

70. The disadvantages of Greenfield FDI as compared to acquisition is

- A. Profit will be less.
- B. Size of investment will be high.
- C. Lesser control in management.
- D. Delay in establishment.

71. Conglomerate FDI refers to

- A. FDI made by a group of firms.
- B. FDI made in subsidiaries.
- C. FDI made in similar products.
- D. FDI made in unrelated products.

72. Countries/ regions with huge market size will attract

- A. Market seeking FDI.
- B. Efficiency seeking FDI.
- C. Vertical FDI.
- D. Created assets seeking FDI.

73. The following statement with respect to culture is false

- A. Culture is enduring.
- B. Culture is changing.
- C. Culture is evolved among the members of a society.
- D. Culture is determined by national boundaries.

74. The following is not a component of culture

- A. Attitudes.
- B. Beliefs.
- C. Education.
- D. Life expectancy.

75. Non- verbal communication

- A. includes written communication.
- B. has no place in international business.
- C. includes body language.

D. should be learnt by business managers to communicate with foreigners.

76. Religion of a person affects his/her

- A. attitude towards entrepreneurship.
- B. gifting practices.
- C. use of products.
- D. all of the above.

77. For the society, religion has no influence on

- A. holidays.
- B. language.
- C. role of women.
- D. marketing practices.

78. The role of women is restricted in

- A. Eastern countries.
- B. Middle East countries.
- C. Traditional Islamic countries.
- D. India.

79. The following nationals would be aggressive at the beginning of business negotiations, but offer large concessions in the end

- A. American.
- B. Russian.
- C. German.
- D. Japanese.

80. Social stratification is done based on

- A. Income level.
- B. caste.
- C. education.
- D. any of the above.

81. Social mobility is measured by

- A. The extent to which an individual can move the strata to which he/she belongs.
- B. The promptness with which an individual accepts foreign assignments.
- C. The extent to which inter- caste marriage is encouraged by the society.
- D. The extent to which the society as a whole shifts its habitat.

82. Lower power distance countries are characterized by

- A. relationships based on equality and informality.
- B. authority being accepted without question.
- C. managers being paternalistic.

D. tall organizations structure.

83. A country with high uncertainty avoidance will witness

- A. lower level of stress among people.
- B. decision taken as a result of group consensus.
- C. less dependence on rules and regulations.
- D. people are serene.

84. As per cultural dimensions of Hofstede, masculinity refers to

- A. Male- female ratio in the country.
- B. Society dominated by male members.
- C. Society characterized by aggressive and materialistic behaviour.
- D. War- ridden societies.

85. According to economic growth model of Rostow, passage of a country through the stages is

- A. in the order specified.
- B. in any order.
- C. in the order specified, but certain stages may be skipped.
- D. automatic.

86. A country in the stage of traditional society is characterized by

- A. existence of traditional rule.
- B. non existence of industries.
- C. predominance of agriculture.
- D. complete absence of literacy.

87. The stage indicating highest level of economic growth is

- A. age of mass consumption.
- B. age of mass production.
- C. maturity.
- D. drive to maturity.

88. The income level of residents in a country is indicated by

- A. gross national income.
- B. gross domestic product.
- C. per capita gross national income.
- D. per capita gross domestic product.

89. For a country with relatively lower level of cost of living PPP per capita GNI will be

- A. lower than per capita GNI.
- B. higher than per capita GNI.
- C. same as per capita GNI.
- D. may be lower or higher than per capita GNI.

90. In a business cycle, the phase preceding prosperity is

- A. recession.
- B. depression.
- C. recovery.
- D. recession or depression.

91. Monetary policy relates to controlling

- A. money supply.
- B. money supply and interest rate.
- C. money supply, interest rate and exchange rate.
- D. credit creation by banks.

92. Analysing the business environment best assists in

- A. Identifying key competitive forces; identifying competitive position; identifying key opportunities, threats, strengths and weaknesses.
- B. Auditing macro environmental influences; identifying key competitive forces; identifying competitive position; identifying key opportunities and threats.
- C. Auditing external and organisational factors; identifying key competitive forces; identifying competitive position; identifying key opportunities and threats.
- D. Assessing historical trends; auditing environmental dangers; identifying strategic capabilities; identifying competitive position.

93. In relation to the PESTEL framework, which of the following statements is correct?

- A. It assists in the assessment of organisational strengths and weaknesses.
- B. It allows a detailed analysis of the structure of an industry.
- C. It can be used as a checklist to understand the different environmental influences in the macro environment.
- D. Takes an historical perspective on the main political, economic, sociocultural, technological, environmental and legal factors.

94. The following factors are key drivers of globalisation

- A. Government action, exchange rates, competition and sociodemographic factors.
- B. Market convergence, competition, exchange rates and cost advantages.
- C. Cost advantages, government action, economic cycles and competition.
- D. Market, cost, competition and government policies.

95. Scenarios are used to

- A. Develop a long term view of strategy.
- B. Build plausible views of different possible futures and develop a long term view of strategy.
- C. Identify key drivers of change.
- D. Develop a view of an environment which has a high degree of uncertainty, build plausible views of different possible futures and take a long term view of strategy.

96. Porter suggests the following reasons for one nation being more competitive than another

- A. Ability to speak English; developed network of supporting industries; absence of competition; and low labour cost.
- B. Abundant natural resources; skilled labour force; temperate climate; and democracy.
- C. Factor conditions; demand conditions; related and supporting industries; and firm strategy, industry strategy and rivalry.
- D. Strong sporting ethos; emphasis on individual achievement; strong national party in power; large home market.

97. The five forces that affect the level of competition in an industry are

- A. Threat of entrants; power of buyers; power of suppliers; threat of substitutes; competitive rivalry.
- B. Threat of buyers; power of entry; power of substitutes; threat of suppliers; threat of recession.
- C. Threat of recession; power of buyers; power of suppliers; threat of management failure; competitive rivalry.
- D. Threat of entry; power of buyers; power of suppliers; threat of substitutes; government action.

98. In international business cheaper alternatives to litigation is/ are

- A. Conciliation.
- B. Arbitration.
- C. Negotiations.
- D. Conciliation and arbitration.

99. A contract drafted under civil law differs from that drafted under common law in the following respect

- A. It will be detailed.
- B. It will be shorter and less specific.
- C. It will provide less severe damages.
- D. It will be in detail.

100. Ownership of intellectual property is recognized in law by granting

- A. Licenses.
- B. Patents.
- C. Copyrights.
- D. Patent, copyright or trademark as appropriate.

Answer Key

1	B	21	A	41	C	61	D	81	A
2	B	22	C	42	A	62	C	82	A
3	B	23	D	43	B	63	B	83	B
4	C	24	C	44	C	64	C	84	C
5	D	25	D	45	A	65	B	85	A
6	C	26	A	46	C	66	A	86	C
7	A	27	A	47	D	67	C	87	A
8	D	28	D	48	B	68	B	88	C
9	B	29	D	49	C	69	C	89	B
10	B	30	A	50	B	70	D	90	C
11	D	31	B	51	D	71	D	91	C
12	B	32	A	52	A	72	A	92	B
13	A	33	A	53	D	73	D	93	C
14	D	34	A	54	B	74	D	94	D
15	A	35	A	55	A	75	C	95	D
16	B	36	B	56	B	76	D	96	C
17	D	37	C	57	B	77	B	97	A
18	B	38	C	58	C	78	C	98	D
19	A	39	A	59	B	79	B	99	B
20	C	40	A	60	A	80	B	100	D

Prepared by : **Dr.Abdul Azeez P,**
Assistant Professor,
Dept. of Commerce,
Farook College, Calicut.

UNIVERSITY OF CALICUT
School of Distance Education

MCM2C10 - MANAGEMENT SCIENCE
M.Com. II Semester (2019 Admn.)

Multiple Choice Question Bank

1. The term “Operation Research” was coined by :
 - a. Mc Closky and Trefthen
 - b. Arthur Clark
 - c. Churchman, Ackoff and Arnoff
 - d. George B Dantzig
2. Management Science came into existence in a context.
 - a. Business
 - b. Academic
 - c. Military
 - d. Religious
3. By the beginning of, the industries in USA realised the importance of Management Science in solving business and management problems.
 - a. 1930s
 - b. 1940s
 - c. 1950s
 - d. 1960s
4. In India, Operations Research came into existence in the year
 - a. 1940
 - b. 1947
 - c. 1949
 - d. 1950
5. In India, first Operations Research unit was set up at
 - a. Regional Research Laboratory, Hyderabad
 - b. Indian Statistical Institute, Kolkotha
 - c. Indian Institute of Science and Technology, Bengaluru
 - d. Indian Institute of Science and Technology, Mohali
6. In India, first Operations Research application was made by
 - a. Pranab K Sen
 - b. Prof. Mahalonobis
 - c. Samarendra Nath Roy
 - d. Raghu Raj Bahadur
7. Operations Research Society of India was formed in the year
 - a. 1950
 - b. 1955
 - c. 1957
 - d. 1960
8. Who defined Operations Research as “the art of giving bad answers to problems which otherwise have worse answers”?
 - a. H M Wagner
 - b. H A Taha
 - c. T L Saaty
 - d. Arthur Clark
9. defined Operations Research as “the art of winning wars without actually fighting.”
 - a. H M Wagner
 - b. H A Taha
 - c. T L Saaty
 - d. Arthur Clark
10. Operations Research is a very powerful tool for
 - a. Operations
 - b. Research
 - c. Decision making
 - d. None of these

11. Who defined Operations Research as scientific approach to problem solving for executive management.
 - a. E L Arnoff
 - b. H M Wagner
 - c. Churchman
 - d. None of these
12. The term "Operations Research" was coined in the year
 - a. 1930
 - b. 1940
 - c. 1950
 - d. 1960
13. The innovative science of Operations Research was discovered during
 - a. Civil war
 - b. World war I
 - c. World war II
 - d. Industrial Revolution
14. Operations Research has the characteristic that it is done by a team of
 - a. Scientists
 - b. Mathematicians
 - c. Academicians
 - d. Politicians
15. Operations Research emphasises on the overall approach to the system. This characteristic of Operations Research is often referred to as
 - a. System orientation
 - b. System approach
 - c. Inter-disciplinary
 - d. Team approach
16. Operations Research cannot give perfect to the problem.
 - a. Answers
 - b. Solutions
 - c. Both a and b
 - d. Decisions
17. models involve the allocation of resources to activities in such a way that some measure of effectiveness is optimised.
 - a. Sequencing
 - b. Allocation
 - c. Queuing theory
 - d. Decision theory
18. In models, everything is defined and the results are certain.
 - a. Probabilistic
 - b. Deterministic
 - c. Both a and b
 - d. None of these
19. models involve more risks and uncertainties.
 - a. Probabilistic
 - b. Deterministic
 - c. Both a and b
 - d. None of these
20. models are obtained by enlarging or reducing the size of the items.
 - a. Iconic models
 - b. Analogue models
 - c. Symbolic models
 - d. None of these
21. The word may be defined as some actions that we apply to some problems or hypothesis.
 - a. Research
 - b. Operations
 - c. Both a and b
 - d. None of these
22.are representations of reality.
 - a. Phases
 - b. Models
 - c. Both a and b
 - d. None of these

23.are called mathematical models.
- a. Iconic models
 - b. Symbolic models
 - c. Analogue models
 - d. None of these
24. Probabilistic models are also called
- a. Deterministic models
 - b. Dynamic models
 - c. Stochastic models
 - d. None of these
25. models assume that the values of the variables do not change with time during a particular period.
- a. Dynamic
 - b. Static
 - c. Both a and b
 - d. None of these
26.models consider time as one of the important variable.
- a. Dynamic
 - b. Static
 - c. Both a and b
 - d. None of these
27.may be defined as a method of determining an optimal program of interdependent activities in view of available resources.
- a. Goal programming
 - b. Linear programming
 - c. Decision making
 - d. None of these
28. are expressed in the form of equations
- a. Objectives
 - b. Constraints
 - c. Both a and b
 - d. None of these
29. If there are more than one optimal solutions for the decision variables, the solution is
- a. Infeasible
 - b. Unbounded
 - c. Alternative
 - d. None of these
30. Dual of the dual s a
- a. Dual
 - b. Primal
 - c. Alternative
 - d. None of these
31. The quantitative approach to decision analysis is a
- a. Logical approach
 - b. Rational approach
 - c. Scientific approach
 - d. All of the above
32. A model is a
- a. An essence of reality
 - b. An approximation
 - c. An idealisation
 - d. All of the above
33. The dummy source/destination in a transportation problem is added to
- a. Satisfy rim constraints
 - b. Prevent solution from becoming degenerate
 - c. Ensure total cost does not exceed a limit
 - d. None of the above

34. The solution to a transportation problem with 'm' rows and 'n' columns is feasible if the number of positive allocations are:
- a. $m + n$ b. $m \times n$ c. $m + n - 1$ d. $m + n + 1$
35. The method used for solving an assignment problem is:
- a. Reduced matrix method b. MODI method
c. Hungarian method d. None of these
36. An assignment problem can be solved by
- a. Simplex method b. Transportation method
c. Both a and b d. None of these
37. For salesman who has to visit 'n' cities, which of the following are the ways of his tour plans:
- a. $n!$ b. $(n+1)!$ c. $(n-1)!$ d. n
38. The assignment problem is:
- a. Requires that only one activity be assigned to each resource
b. Is a special case of transportation problem
c. Can be used to maximise resource
d. All the above
39. The Hungarian method for solving an assignment problem can also be used to solve:
- a. A transportation problem b. A travelling salesman problem
c. A linear programming problem d. Both a and b
40. All the parameters in the linear programming model are assumed to be
- a. Variables b. Constraints
c. Functions d. None of these
41. Graphic method can be applied to solve a linear programming problem when there are only variables
- a. A one b. Two c. Three d. More than three
42. If the feasible region of a linear programming problem is empty, the solution is
- a. Unbounded b. Infeasible
c. Infeasible d. Alternative
43. The variables whose coefficient vectors are unit vectors, are called
- a. Unit variables b. Basic variables
c. Non-basic variables d. None of these
44. Any column or row of a simplex table is known as
- a. Key column b. Key row
c. Vector d. None of these
45. is considered as the pioneer of Linear Programming Technique.
- a. Churchman b. D W Miller
c. James Lundy d. George B Dantzig

57. Operations Research uses models to help the management in determining its scientifically.
- a. Policies
 - b. Actions
 - c. Both a and b
 - d. None of these
58. Operations Research is a
- a. Science
 - b. Art
 - c. Both a and b
 - d. None of these
59. deals with making sound decisions under conditions of certainty, risk and uncertainty.
- a. Game theory
 - b. Network analysis
 - c. Decision theory
 - d. None of these
60. deals with the concepts such as critical path, float, events, etc.
- a. Game theory
 - b. Decision theory
 - c. Queuing theory
 - d. Network analysis
61. is used to imitate an operation prior to actual performance.
- a. Inventory control
 - b. Simulation
 - c. Game theory
 - d. Integrated Production Model
62. is concerned with determination of the most economic replacement policy.
- a. Probabilistic programming
 - b. Linear programming
 - c. Search theory
 - d. Replacement theory
63. The O R technique which helps in minimising total waiting and service cost is:
- a. Game theory
 - b. Queuing theory
 - c. Both a and b
 - d. Decision theory
64. Linear Programming technique is a:
- a. Constrained optimisation technique
 - b. Technique for economic allocation of resources
 - c. Mathematical technique
 - d. All of the above
65. A constraint in a Linear Programming Model restricts:
- a. Value of objective function
 - b. Value of decision variable
 - c. Use of available resources
 - d. All of the above
66. Before formulating a formal L P model, it is better to:
- a. Verbally identify decision variables
 - b. Express the objective function in words
 - c. Express each constraint in words
 - d. All of the above
67. Linear Programming Technique helps to find an optimal use of:
- a. Machine
 - b. Money
 - c. Manpower
 - d. All of the above

68. Which of the followings is an assumption of Linear Programming Technique?
- a. Divisibility
 - b. Additivity
 - c. Proportionality
 - d. All of the above
69. Which of the following is true with regard to a Linear Programming Model?
- a. No guarantee to get integer valued solution
 - b. The relationship among decision variables is liner
 - c. Both a and b
 - d. None of the these
70. The graphical method if LPP uses:
- a. Linear equations
 - b. Constraint equations
 - c. Objective function
 - d. All of the above
71. Constraints in an LPP are treated as active, if they:
- a. Do not consume all the available resources at optimality
 - b. Represent optimal solution
 - c. Both a and b
 - d. None of these
72. While solving a LPP graphically, the area bounded by constraints is called
- a. Feasible region
 - b. Infeasible region
 - c. Unbounded region
 - d. None of these
73. While solving an LPP, infeasibility may be removed by:
- a. Removing a variable
 - b. Removing a constraint
 - c. Adding a variable
 - d. Adding a constraint
74.variables are fictitious and cannot have any physical meaning.
- a. Slack variables
 - b. Surplus variables
 - c. Artificial variables
 - d. Decision variables
75. An optimal solution is considered as the among the feasible solutions.
- a. Worst
 - b. Best
 - c. Ineffective
 - d. None of these
76. method is used to solve an assignment problem.
- a. American method
 - b. Hungarian method
 - c. German method
 - d. British method
77. The allocated cells in the transportation table are called
- a. Occupied cells
 - b. Empty cells
 - c. Unoccupied cells
 - d. None of these
78. In transportation Problems, VAM stands for
- a. Value Addition Method
 - b. Vogel's Approximation Method
 - c. Virgenean Approximation Method
 - d. None of these

79. Initial feasible solution to a transportation Problem can be found out by
- a. VAM
 - b. MODI Method
 - c. Both a and b
 - d. None of these
80. is applied to determine optimal solution.
- a. NWCR
 - b. VAM
 - c. MODI Method
 - d. None of these
81. A Transportation Problem is said to be unbalanced when total supply is not equal to
- a. Total cost
 - b. Total demand
 - c. Both a and b
 - d. None of these
82. For a minimisation Transportation Problem, the objective is to minimise:
- a. Profit
 - b. Cost
 - c. Solution
 - d. None of these
83. is an important Operations Research Technique to analyse the queuing behaviour.
- a. Game theory
 - b. Waiting line theory
 - c. Decision theory
 - d. Simulation
84. An organisation chart is an example of
- a. Iconic model
 - b. Mathematical model
 - c. Analogue model
 - d. None of these
85. model is a map which indicates roads, highways, towns and inter-relationships
- a. Iconic model
 - b. Analogue model
 - c. Mathematical model
 - d. None of these
86. Operations Research techniques help to find solution.
- a. Feasible solution
 - b. Infeasible solution
 - c. Optimal solution
 - d. None of these
87. Operations Research Techniques involves approach.
- a. Team approach
 - b. Critical approach
 - c. Individual approach
 - d. None of these
88. A LPP model doesnot contain:
- a. Decision
 - b. Constraints
 - c. Feasible solution
 - d. Spread Sheet
89. Straight lines shown in a linear programming graph indicates
- a. Objective function
 - b. Constraints
 - c. Points
 - d. All of the above
90. Non-negativity constraints are written as
- a. Equality
 - b. Non-equality
 - c. Greater than or equal to
 - d. Less than or equal to
91. PERT stand for:
- a. Performance Evaluation Review Technique

- b. Programme Evaluation Review Technique
 - c. Programme Evaluation Research Technique
 - d. None of these
92. An activity which must be completed before commencement of one or more other activities is called.....
- a. Successor activity
 - b. Predecessor activity
 - c. Dummy activity
 - d. None of these
93. In network diagram, events are commonly represented by
- a. Arrows
 - b. Nodes
 - c. Triangles
 - d. None of these
94. is activity oriented network diagram.
- a. CPM
 - b. PERT
 - c. Histogram
 - d. Ogive
95. is an event oriented network diagram.
- a. CPM
 - b. PERT
 - c. Histogram
 - d. Ogive
96. An activity which does not consume either resource or time is called
- a. Predecessor activity
 - b. Successor activity
 - c. Dummy activity
 - d. Terminal activity
97. is a series of activities related to a project.
- a. Network
 - b. Transportation Model
 - c. Assignment model
 - d. None of these
98. An event which represents the beginning of more than one activity is a :
- a. Merge event
 - b. Net event
 - c. Burst event
 - d. None of these
99. Activities lying on critical path are called
- a. Critical activities
 - b. Non-critical activities
 - c. Dummy activities
 - d. None of these
100. Activities that cannot be started until one or more of the other activities are completed, are called.....
- a. Dummy activities
 - b. Initial activities
 - c. Successor activities
 - d. Predecessor activities
101. is the sequence of activities which determines the total project duration.
- a. Critical path
 - b. Network
 - c. Non-critical activities
 - d. None of these
102. PERT emphasises on
- a. Activity
 - b. Time
 - c. Cost
 - d. None of these

103. is the duration by which an activity can be delayed without delaying the completion of the project.
- a. Earliest Start Time
 - b. Earliest Finish Time
 - c. Latest Start Time
 - d. Latest Finish Time
104. The $EST + \text{activity duration} = \dots\dots\dots$
- a. Earliest Finish Time
 - b. Latest Start Time
 - c. Latest Finish Time
 - d. None of these
105. is the latest time by which an activity can be finished without delaying the completion of the project.
- a. LST
 - b. LFT
 - c. EFT
 - d. EST
106. is a scheme or design of something intended to do.
- a. Network
 - b. Float
 - c. Project
 - d. Program
107. In a network diagram, activity is denoted by
- a. Node
 - b. Arrow
 - c. Triangle
 - d. None of these
108. is the duration by which an activity can be delayed without delaying the project.
- a. Slack
 - b. Total float
 - c. Both a and b
 - d. None of these
109. The maximise criteria is
- a. Optimistic
 - b. Pessimistic
 - c. Neutral
 - d. None of these
110. Decision making under certainty refers to situation.
- a. Deterministic
 - b. Probabilistic
 - c. Competitive
 - d. None of these
111. is known as father of game theory.
- a. Von Neumann
 - b. A K Erlang
 - c. George b Dantzig
 - d. Arnoff
112. Which of the following is an assumption of game theory?
- a. The players act rationally and intelligently
 - b. Each payer has a finite set of possible courses of action
 - c. The players attempt to maximise gains or minimises losses
 - d. All of the above
113. Each participant of the game is called.....
- a. Strategist
 - b. Winner
 - c. Player
 - d. Loser
114. The outcome of a game is known as.....
- a. Profit
 - b. Loss
 - c. Pay off
 - d. None of these
115. A matrix which shows the gains and losses resulting from moves and counter moves is called.....
- a. Cost matrix
 - b. Pay off matrix
 - c. Both a and b
 - d. None of these

116. When all the players of the game follow their optimal strategies, then the expected pay off of the game is called.....
- a. Gain of the game
 - b. Loss of the game
 - c. Value of the game
 - d. None of these
117. The position in the pay off matrix where the maximin coincides with the minimax.
- a. Saddle point
 - b. Break even point
 - c. Pivot point
 - d. None of the above
118. A game is said to be fair if the value of the game is.....
- a. One
 - b. Two
 - c. Three
 - d. Zero
119. In agame the amounts won by all winners together is equal to the sum of the amounts lost by all losers together.
- a. Non-zero sum game
 - b. Zero sum game
 - c. Rectangular game
 - d. None of these
120. Which of the following method is used to solve mixed strategy problems:
- a. Probability method
 - b. Graphic method
 - c. Linear Programming method
 - d. All of the above
121. A queue is formed when the demand for a service:
- a. Exceeds the capacity to provide that service
 - b. Is less than the capacity to provide that service
 - c. a or b
 - d. None of these
122. Queuing theory is also termed as
- a. Game theory
 - b. Replacement theory
 - c. Waiting line theory
 - d. None of these
123. In queuing theory, refers to those waiting in a queue or receiving service.
- a. Service provider
 - b. Customer
 - c. Both a and b
 - d. None of these
124. In queuing theory, is a person by whom service is rendered.
- a. Customer
 - b. Server
 - c. a or b
 - d. none of these
125. In waiting line theory, number of customers waiting in the queue is referred to as
- a. Traffic intensity
 - b. Queuing system
 - c. Service pattern
 - d. Queue length
126. Number of customers in the queue per unit of time is called
- a. Queuing system
 - b. Length of queue
 - c. Average length of queue
 - d. None of these
127. The ration between mean arrival rate and mean service rate is called
- a. Idle period
 - b. Average length of queue

- c. Traffic intensity
d. None of these
128. Commonly assumed probability distribution of arrival pattern is
- a. Poisson distribution
b. Binomial distribution
c. Normal distribution
d. None of these
129. Commonly assumed probability distribution of service pattern are
- a. Poisson distribution
b. Exponential distribution
c. Erlang distribution
d. b and c
130. a customer's behaviour of leaving the queue when he does not like to wait in the queue due to lack of time or space is called
- a. Jockeying
b. Reneging
c. Collusion
d. Balking
131. A customer's behaviour of leaving the queue due to impatience is called
- a. Jockeying
b. Reneging
c. Collusion
d. Balking
132. A customer's behaviour of jumping from one queue to another is called
- a. Jockeying
b. Reneging
c. Collusion
d. Balking
133. In queuing theory, stands for mean arrival rate of customers.
- a. μ
b. λ
c. t
d. none of these
134. In queuing theory, stands for mean service rate.
- a. μ
b. λ
c. t
d. none of these
135. is a method of analysing the current movement of the some variable in an effort to predict the future movement of the same variable.
- a. Goal programming
b. Queuing theory
c. Markov Analysis
d. Replacement theory
136. In queuing theory, FCFS stand for
- a. First Cum First Served
b. First Customer Fist Served
c. Fast Channel First Served
137. Initial feasible solution to a transportation problem arrived through which of the following method is very near to the optimal solution:
- a. NWCM
b. LCM
c. VAM
d. None of these
138. In Transportation Problem, NWCM stands for
- a. North West Cost Method
b. Net Worth Corner Method
c. North West Corner Method
d. None of these
139. In Transportation Problem, LCM stands for
- a. Lowest Common Multiplier
b. Least Cost Method
c. Lowest Cell Method
d. None of these

140. Matrix Minima Method to find initial feasible solution to a TP is also called
- a. NWCM b. LCM c. VAM d. None of these
141. MODI Method to test the optimality of a feasible solution to TP is also called.....
- a. Stepping Stone Method b. u. v. Method
c. both a and b d. none of these
142.refers to the manner in which the customers behave while being in the queue.
- a. Service pattern b. Service pattern
c. Queue discipline d. None of these
143. Excess of service facilities over and above the number of customers results:
- a. Idleness of service capacity b. Queues
c. Both a and b d. None of these
144.was the first person who developed a viable queueing theory
- a. Von Neumann b. Morgenstern
c. H M Wagner d. Simeon Dennis Poisson
145. Traffic intensity in Queuing Theory is also called.....
- a. Service factor b. Arrival factor
c. Utilisation factor d. None of these
146. Traffic intensity is computed by using the formula:
- a. $1/\mu$ b. μ c. $1 - 1/\mu$ d. $1 - \mu$
147. Game theory became popular when the book “Theory of Games and Economic Behaviour” was published in 1944 by
- a. Von Neumann b. Mc Closky
c. Von-Neumann and Mc Closky d. Von-neumann and Morgenstern
148. Which of the following is a characteristic of a dual problem:
- a. Dual of a dual is primal
b. If dual has a finite optimal solution, then the primal also has finite optimal solution
c. If dual has no feasible solution, then the primal also has no feasible solution
d. All of the above
149. Shadow price is also called
- a. Dual price b. Unit price
c. Total cost d. None of these
150.is that element of the simplex table which lies both in the key row and key column.
- a. Key element b. Pivot element
c. Both a and b d. None of these
151. Transportation model was first introduced by in the year 1941.
- a. T C Koopman b. George B Dantzig

- c. Von-neumann
152. VAM is also called.....
a. Matrix Minima Method
c. MODI Method
- d. F L Hitchcock
b. Penalty Method
d. None of these
153. Which of the following methods is used to solve an assignment problem:
a. Enumeration Method
c. Simplex Method
- b. Hungarian Method
d. All of the above
154. Hungarian method was developed by
a. T C Koopman
c. D Konig
- b. F L Hitchcock
d. George B Dantzig
155. is the popular method for solving an assignment problem.
a. Hungarian Method
c. Simplex Method
- b. Enumeration Method
d. None of the above
156. The outlet where the services are being provided to the customers is called.....
a. Waiting line
c. Idle facility
- b. Service facility
d. Traffic intensity
157. The variables which can be manipulated by the decision maker are called.....
a. Controllable variables
c. Both a and b
- b. Uncontrollable variables
d. None of these
158. The variables which cannot be manipulated by the decision maker are called.....
a. Controllable variables
c. Both a and b
- b. Uncontrollable variables
d. None of these
159. Controllable variables are also called.....
a. Slack variables
c. Artificial variable
- b. Surplus variables
d. Decision variables
160. If a simplex table shows the values 2, -3, 0 against “ ”, which should be taken as the replacement ratio.
a. 2
b. -3
c. 0
d. None of these

ANSWER KEY

1 : a	21 : b	41 : b	61 : b	81 : b	101 : a	121 : a	141 : b
2 : c	22 : b	42 : b	62 : d	82 : b	102 : b	122 : c	142 : c
3 : c	23 : b	43 : b	63 : b	83 : b	103 : c	123 : b	143 : a
4 : c	24 : c	44 : c	64 : d	84 : c	104 : a	124 : b	144 : d
5 : a	25 : b	45 : d	65 : d	85 : b	105 : b	125 : d	145 : c
6 : b	26 : a	46 : b	66 : d	86 : c	106 : a	126 : c	146 : a
7 : c	27 : b	47 : c	67 : d	87 : c	107 : b	127 : c	147 : d
8 : c	28 : b	48 : a	68 : d	88 : d	108 : b	128 : a	148 : d
9 : d	29 : c	49 : b	69 : d	89 : b	109 : b	129 : d	149 : a
10 : c	30 : b	50 : b	70 : d	90 : c	110 : a	130 : d	150 : c
11 : b	31 : c	51 : c	71 : b	91 : b	111 : a	131 : b	151 : d
12 : b	32 : d	52 : b	72 : a	92 : b	112 : d	132 : a	152 : b
13 : c	33 : a	53 : b	73 : b	93 : b	113 : c	133 : b	153 : d
14 : a	34 : c	54 : a	74 : c	94 : a	114 : c	134 : a	154 : c
15 : d	35 : c	55 : a	75 : b	95 : b	115 : b	135 : c	155 : a
16 : c	36 : c	56 : c	76 : b	96 : c	116 : c	136 : a	156 : b
17 : b	37 : c	57 : c	77 : a	97 : a	117 : a	137 : c	157 : a
18 : b	38 : d	58 : c	78 : b	98 : c	118 : d	138 : c	158 : b
19 : a	39 : b	59 : c	79 : a	99 : a	119 : b	139 : b	159 : d
20 : a	40 : b	60 : d	80 : c	100 : c	120 : d	140 : c	160 : c

UNIVERSITY OF CALICUT
School of Distance Education

MCM1C04- MANAGEMENT THEORY AND
ORGANIZATIONAL BEHAVIOUR

M.Com II Semester (2019 admn.)

Multiple Choice Question Bank

1. Scientific Management approach is developed by
a. Elton Mayo b. Henry Fayol c. F.W. Taylor d. A. Maslow
2. “----- are social inventions for accomplishing goals through group efforts”
a. Management b. Organization c. Leadership d. Behavior
3. “Hawthorne experiment” which was a real beginning of applied research in OB was conducted by
a. Elton Mayo b. Henry Fayol c. F.W. Taylor d. Max Weber
4. Whose concept states that interpersonal and human relations may lead to productivity
a. Elton Mayo b. Henry Fayol c. F.W. Taylor d. Max Weber
5. Organization Behavior is
a. An interdisciplinary approach b. A humanistic approach
c. Total system approach d. All of these
6. Extension of behavior modification into organization is called
a. Enrichment b. Enlargement c. OB Mod d. OB Ext
7. Which of the following is/are not job related source of stress?
a.Role ambiguity b.Role overload
c.Ethical dilemmas d.Career concerns
8. ----- refers to the negotiation or an agreement between two groups
a. Contracting b. Co-opting
c. Pressure tactics d. None of these
9. Which of the following is/are not organizational factors causing stress?
a.Task demand b.Role demand
c.Role conflict d.Satisfaction
10. Which of the following is/are OD intervention techniques
a. Sensitivity training b. MBO
c. Quality of work life d. All the above

11. Which of the following is not one of the four primary management functions?
- a. Decision making
 - b. Planning
 - c. Staffing
 - d. organizing
12. . If everyone who is faced with a similar situation responds in the same way, attribution theory states that the behaviour shows _____.
- a. Consensus
 - b. Similarity
 - c. Reliability
 - d. Consistency
13. The cognitive process through which an individual selects, organizes but misinterprets environmental stimuli is known as _____
- a. Perception
 - b. Projection
 - c. Selective Perception
 - d. Mis-Perception
14. Which dimension of Big 5 personality traits represents artistically sensitive, refined etc.
- a. Culture
 - b. Emotional stability
 - c. Conscientiousness
 - d. Extroversion
15. A study of human behavior in organizational settings is
- a. Individual behavior
 - b. Group behavior
 - c. Organizational behavior
 - d. None of these
16. Which of the following is NOT an important issue relating to goal-setting theory?
- a. Goal specificity
 - b. Equity among workers
 - c. Feedback
 - d. Defining the goal
17. According to Robert Katz, when managers have the mental ability to analyze and diagnose complex situations, they possess _____ skills.
- a. Technical
 - b. Leadership
 - c. Problem-solving
 - d. Conceptual
18. Concept of MBO was introduced by:
- a. Peter. F.Drucker
 - b. Mary Parker
 - c. Henry Fayol
 - d. Philip Kotler
19. . People with which type of personality trait commonly make poor decisions because they make them too fast?
- a. Type A
 - b. Type B
 - c. Self-monitors
 - d. Extroverts
20. _____ refers to the network of personal and social relations that is developed spontaneously between people associated with each other.
- a. Formal organization
 - b. Informal organization
 - c. Business organization
 - d. Government organization

21. The concept of Work- Week is related with
- a. Quality of Work life
 - b. Quality Circle
 - c. Alternative Work schedule
 - d. Job Redesign
22. . -----is an attempt through a formal program to integrate employees' needs and wellbeing with the intention of improved productivity, better involvement and satisfaction
- a. Quality of Work life
 - b. Quality Circle
 - c. Alternative Work schedule
 - d. Job Redesign
23. -----is a set of values that states what an organisation stands for
- a. Organization behavior
 - b. Organizational culture
 - c. Organizational spirit
 - d. Organizational effectiveness
24. Which one of the following is/are leadership theories?
- a. Trait theory
 - b. Behavior theory
 - c. Contingency theory
 - d. All of these
25. . In -----leadership, there is a complete centralization of authority in the leader
- a. Democratic
 - b. Autocratic
 - c. Free rein
 - d. Bureaucratic
26. -----leadership emphasize on rules and regulation in an organization
- a. Democratic
 - b. Autocratic
 - c. Laissez-faire
 - d. Bureaucratic
27. -----is the attractiveness of the members towards the group or resistance to leave it
- a. Group norms
 - b. Group behavior
 - c. Group cohesiveness
 - d. Group structure
28. Goal setting theory is pioneered by
- a. Stacy Adams
 - b. Charms
 - c. Edwin Locke
 - d. F W Taylor
29. Which one is not a Need Based Theory of motivation?
- a. Maslow's Theory
 - b. F. Herzberg's theory
 - c. Alderfer's theory
 - d. Vroom's theory
30. Porter Lawler Model is an extension of
- a. Maslow's theory
 - b. Mc Clelland's theory
 - c. Stacy Adams theory
 - d. Vroom's theory
31. Which one of the following need is not coming under Mc Clelland theory of motivation?
- a. Need for power
 - b. Need for achievement
 - c. Need for affiliation
 - d. Need for actualization
32. Which of the following researchers thought that reinforcement was the central factor involed in behavioural change?

- a. Pavlov b. Fayol c. Skinner d. Deming
33. What do we call the view that we can learn both through observation and direct experience?
- a. situational learning theory b. classical learning
c. social learning theory d. the Pavlov principle
34. Individual-level independent variables include all of the following except.
- a. Leadership b. Learning
c. Perception d. motivation
35. What term is used to describe voluntary and involuntary permanent withdrawal from an organization?
- a. Absenteeism b. Turnover
c. Downsizing d. truancy
36. According to Katz, when managers have the mental ability to analyze and diagnose complex situations, they possess skills.
- a. Technical b. Leadership c. problem-solving d. conceptual
37. According to Mintzberg, one of management's interpersonal roles is .
- a. spokesperson b. leader
c. Negotiator d. monitor
38. Determining how tasks are to be grouped is part of which management function?
- a. Planning b. Leading c. Controlling d. organizing
39. Today's organizations are
- a. Open system b. Closed system
c. Open as well as closed d. None of these
40. Organization Behavior is not a /an
- a. A separate field of study b. Applied science
c. Normative science d. Pessimistic approach
41. -----represent noblest thoughts, ideals etc.
- a. Ego b. Super ego c. Negative ego d. Id
42. Which of the following is / are method of managing stress
- a. Job relocation b. Career counseling
c. Recreational facility d. All the above
43. Which of the following is / are not direct method to solve intergroup conflicts
- a. Problem solving b. Domination by the management
c. Removing key figures in conflict d. Persuasion
44. Behaviour, power, and conflict are central areas of study for _____.

- a. sociologist
c. Social psychologists
- b. Anthropologists
d. Operations analysts
45. What sort of goals does Management By Objectives (MBO) emphasize?
- a. Tangible, verifiable and measurable
b. Achievable, controllable and profitable
c. Challenging, emotional and constructive
d. Hierarchical, attainable and effective
46. Which of the following is a reason that the study of organizational behaviour is useful?
- a. Human behavior does not vary a great deal between individuals and situations.
b. Human behavior is not random.
c. Human behavior is not consistent.
d. Human behavior is rarely predictable
47. The science that seeks to measure, explain, and sometimes change the behaviour of humans and other animals is known as.
- a. Psychiatry
c. Sociology
- b. Psychology
d. organizational behavior
48. Science that focuses on the influence people have on one another is.
- a. Psychology
c. political science
- b. Anthropology
d. social psychology
49. Which of the following OB topics is not central to managing employees' fears about terrorism?
- a. Emotion
c. Communication
- b. Motivation
d. work design
50. _____ is discretionary behaviour that is not part of an employee's formal job requirement, but that promotes the effective functioning of the organization.
- a. Productivity
c. Organizational citizenship
- b. Motivation
d. Organizational behavior
51. Who proposed "bureaucratic structure" is suitable for all organization
- a. Elton Mayo
c. F.W. Taylor
- b. Henry Fayol
d. Max Weber
52. Beliefs, attitudes, traditions and expectations which are shared by group members is called
- a. Group norms
c. Group cohesiveness
- b. Group communication
d. Group structure
53. In----- in fact "No leadership at all"
- a. Democratic
b. Autocratic

- c. Free rein
54. -----leader is self confident and can attract followers by his great influence
a. Charismatic
c. Laissez-faire
- d. Bureaucratic
b. Autocratic
d. Bureaucratic
55. Grid Organisation Development was developed by
a. Blake and Mounton
c. F W Taylor
- b. Elton Mayo
d. Max weber
56. An extent to which an organisation achieves its predetermined objectives within given resources and without undue strain to its members
a. Organization behavior
c. Organizational spirit
- b. Organizational culture
d. Organizational effectiveness
57. When a group gives some of its leadership positions to the members of other group, it is
a. Contracting
c. Co-alition
- b. Co-opting
d. Competition
58. Which of the following is not a contingency theory of leadership
a. LPC theory
c. Vroom-Yetton-Jago theory
- b. Path Goal theory
d. Job centered Leadership
59. Path-goal model of Leadership was introduced by
. Martin Evans & Robert House
c. Whetton
- b. Fred Fielder
d. Cameron
60. Under ERG theory, “R” stands for-----
a. Rationality
c. Remuneration
- b. Responsibility
d. Relatedness
61. Dual structure approach of motivation is developed by
a. Maslow
b. F. Herzberg
- c. Alderfer
d. Mc Gregor
62. -----persons are easy going people and do not feel time urgency
a. Authoritarianism
c. Type A
- b. Dogmatism
d. Type B
63. Maslow’s “basic needs” are also known as
a. Social needs
c. Safety needs
- b. Esteem needs
d. Physiological needs
64. ERG theory of motivation was proposed by
a. Maslow
c. Alderfer
- b. F. Herzberg
d. Mc Gregor

65. . -----is manipulating and influencing others as a primary way of achieving one's goal
- a. Authoritarianism
 - b. Dogmatism
 - c. Risk propensity
 - d. Machiavellianism
66.is the tendency of individual, which directs them to be inward and process ideas and thought within themselves
- a. extroversion
 - b. Introversion
 - c. internal locus of control
 - d. external locus of control
67. Some people strongly believe that each person have control of his own life. This is
- a. extroversion
 - b. conscientiousness
 - c. internal locus of control
 - d. external locus of control
68. Imaginative, artistically sensitive etc. are features of
- a. Openness
 - b. agreeableness
 - c. extroversion
 - d. conscientiousness
69. An enduring attribute of a person that appears constantly in a variety of situation is
- a. behavior
 - b. trait
 - c. attitude
 - d. culture
70. As per Stimulus-Response Model, input for behaviour process is
- a. Drive
 - b. Organism
 - c. Stimuli
 - d. Response
71. Which organization theory can be understood by IF and THEN relationship
- a. System approach
 - b. Contingency approach
 - c. Process approach
 - d. Scientific approach
72. Which of the following is / are not a method of managing stress
- a. Time management
 - b. Supervisor training
 - c. Role Analysis techniques (RAT)
 - d. Rorschach test
73. According to operant conditioning, when behaviour is not reinforced, what happens to the probability of that behaviour occurring again?
- a. It increases.
 - b. It declines.
 - c. It remains unchanged.
 - d. It becomes zero
74. Which of the following processes deals with how well an individual remembers a model's action after it is no longer readily available?
- a. Attitudinal
 - b. Retention
 - c. motor reproduction
 - d. reinforcement
75. If everyone who is faced with a similar situation responds in the same way, attribution theory states that the behaviour shows.
- a. consensus
 - b. similarity
 - c. reliability
 - d. consistency
76. When a bank robber points a gun at bank manager, his base of power is:

- a. Coercive b. Punitive c. Positional d. Authoritative
77. Which of the following is an environmental force that shapes personality?
a. Gender b. Height c. Experience d. Brain size
78. In Maslow's hierarchy needs which of the following pair of needs is ranked as "lower order needs"?
- a. Physiological and safety needs b. Physiological and social need
c. Self actualization and safety needs d. Social and esteem needs
79. Which one is not a Process Based Theory of motivation?
- a. Porter Lawler theory b. Mc Clelland's theory
c. Stacy Adams theory d. Vroom's theory
80. Cognitive Evaluation Theory of motivation is introduced by
- a. Stacy Adams b. Charms
c. Ouchy d. F W Taylor
81. Suspending an employee for dishonest behaviour is an example of which method of shaping behaviour?
- a. Extinction b. negative reinforcement
c. punishment d. reaction
82. What is the most relevant application of perception concepts to OB?
- a. the perceptions people form about each other
b. the perceptions people form about their employer
c. the perceptions people form about their culture
d. the perceptions people form about society
83. What is the name of the theory that deals with how we explain behaviour differently depending on the meaning we assign to the actor?
- a. behavioral theory b. judgment theory
c. selective perception theory d. attribution theory
84.is once view of reality
- a. Attitude b. Perception c. Outlook d. Personality
85.is the dynamic organization within the individual that determine his unique adjustment to the environment
- a. Perception b. Attitude
c. Behavior d. personality
86. Most of the learning that takes place in the Class room is
- a. Classical conditioning b. Operant conditioning

- c. Leadership
98. Employees needs met by Custodial Model is
a. Subsistence
c. Status and Recognition
- d. Partnership
b. Security
d. Self-actualization
99. Managerial orientation of “Collegial Model” of OB is
a. Authority b. Money c. Support d. Teamwor
100. Employees needs met by Collegial Model is
a. Subsistence
c. Status and Recognition
- b. Security
d. Self-actualization

ANSWER KEY

1	C	21	C	41	B	61	B	81	C
2	B	22	A	42	D	62	B	82	A
3	A	23	B	43	D	63	D	83	D
4	A	24	D	44	A	64	C	84	B
5	D	25	B	45	A	65	D	85	D
6	C	26	D	46	B	66	B	86	C
7	D	27	C	47	B	67	C	87	B
8	A	28	C	48	B	68	A	88	C
9	C	29	D	49	D	69	B	89	A
10	D	30	D	50	C	70	C	90	A
11	A	31	C	51	D	71	B	91	B
12	A	32	C	52	A	72	D	92	D
13	D	33	C	53	C	73	B	93	B
14	A	34	A	54	A	74	B	94	C
15	C	35	B	55	A	75	A	95	A
16	B	36	D	56	D	76	A	96	A
17	D	37	B	57	B	77	C	97	D
18	A	38	D	58	D	78	B	98	B
19	A	39	A	59	A	79	B	99	D
20	B	40	D	60	D	80	B	100	D

UNIVERSITY OF CALICUT
School of Distance Education

M com (CBCSS)

I Semester (2019 Admission)

BUSINESS ENVIRONMENT AND POLICY

Multiple Choice Questions

1. Which of the following is not a feature of Business environment
(a) Interrelated Elements (b) Dynamics
(c) Complexity (d) Continuous
2. Identification of opportunities to get first more advantage is one of the importance of business environment
(a) True (b) False
(c) Cannot say (d) None of these
3. Which of the following does not explain the impact of government policy changes on business & industry
(a) Increasing competition (b) More demanding market customers (c)
Market orientations (d) Change in agricultural prices
4. _____ refers to negative and unfavourable external factors that are likely to create hurdles for a firm:-
(a) Opportunities (b) Warning
(c) Threats (d) None of these
5. Which of the following are the dimensions of the business environment:-
(a) Economic & Social (b) Technological & Economic
(c) Legal & Social (d) All of the above

6. Liberalisation means
- (a) Policy of planned disinvestment
 - (b) Integrating among economies
 - (c) End of license & reduction of government control
 - (d) None of these
7. Globalization does not involve:-
- (a) Reduction of barrier
 - (b) Free flow of goods & services
 - (c) Global mechanism for settlement of economic disputes
 - (d) Free flow of capital
8. Which of the following are the impact of govt. policy changes on business & industry?
- (a) Increased competition
 - (b) Need for change
 - (c) Demanding customers
 - (d) All of the above
9. The _____ environment refers to the factors that affect the consumers' purchasing power.
- a) Economic
 - b) Political
 - c) Cultural
 - d) None of these
10. What are the important external factors that constitute the economic environment of Business ?
- a) Economic condition
 - b) Economic policy
 - c) Economic system
 - d) All of the above
11. Micro environment consists of ?
- a) Suppliers
 - b) Marketing
 - c) Competitors
 - d) None of the above

12. Competitors, Customers and Public are part of
- a) Macro environment
 - b) Micro environment
 - c) Business necessities
 - d) None of these
13. Which of the following is not a characteristic of trade union?
- a. Voluntary association
 - b. Common goal
 - c. Intermediary
 - d. Individual actions
14. Employees join unions to fulfill their _____ needs.
- a. Social
 - b. Esteem
 - c. Economic
 - d. All of the above
15. What should be the minimum number (of persons) required to register a trade union?
- a. Six
 - b. Seven
 - c. Eight
 - d. Nine
16. Total Quality Management (TQM) focuses on
- a) Employee
 - b) Customer
 - c) Both (a) and (b)
 - d) None of the above
17. Which of the following is responsible for quality objective?
- a) Top level management
 - b) Middle level management
 - c) Frontline management
 - d) All of the above
18. Economic Survey in India is published by the

- a) Reserve Bank of India
- b) NITI Aayog
- c) Ministry of Finance, Government of India
- d) Ministry of Industries, Government of India

19. Fiscal policy in India is formulated by

- a) Reserve Bank of India
- b) Planning Commission
- c) Finance Ministry
- d) Securities and Exchange Board of India

20. If we deduct grants to states for the creation of capital assets from revenue deficit, we arrive at

- a) Primary deficit
- b) Net fiscal deficit
- c) Budgetary deficit
- d) Effective revenue deficit

21. Which one of the following is the largest item of expenditure of the Government of India on revenue account?

- a) Defence
- b) Subsidies
- c) Pensions
- d) Interest payments

22. Which one of the following is a capital receipt in government budget?

- a. Interest receipts on loans given by the government to other parties
- b. Dividends and profits from public sector undertakings
- c. Borrowing of the government from public
- d. Income tax receipts

23. Equality in a country can be best brought through

- a. Progressive expenditure
- b. Regressive taxation
- c. Regressive expenditure
- d. None of the above

24. Fiscal deficit implies:

- a) Total expenditure – (Revenue receipts + Recovery of loans + Receipts from disinvestment)
- b) Total expenditure – Total receipts from all sources ,including borrowings
- c) Total expenditure – (Revenue receipts + Fresh loans)
- d) Total expenditure – Disinvestment receipts

25. Which of the following is not a component of revenue receipts of the union government?\

- a) Corporate tax receipts
- b) Dividends and profits
- c) Disinvestment receipts
- d) Interest receipts

26. Every year the Economic Survey is compiled by :

- a) Office of Economic Advisor
- b) Central Statistical Office (CSO)
- c) National Sample Survey Organisation (NSSO)
- d) Department of Economic Affairs

27. Amalgamation and rapid unification between countries can be identified as

- a. Globalisation
- b. Liberalisation
- c. Socialisation
- d. Privatisation

28. Globalisation has improved in the living structure of

- a. All the people
- b. Workers in developing countries
- c. People in developed countries
- d. None of the above.

29. Which Indian industries have been hit by globalisation?

- a. Cement
- b. Jute
- c. Toy making
- d. Information Technology (IT)

30. Which organisations strain on the liberalisation of foreign investment and foreign trade?
- International Monetary Fund
 - World Health Organisation
 - World Trade Organisation
 - International Labour Organisation
31. Tax on imports can be treated as
- Collateral
 - Trade Barriers
 - Foreign Trade
 - Terms of Trade
32. The main reason behind MNCs investments are
- To benefit foreign countries
 - To provide financial support to the country's government
 - For the welfare of underprivileged people.
 - To increase the assets and earn profits.
33. Which institute supports investments and foreign trade in India?
- International Monetary Fund (IMF)
 - World Trade Organisation (WTO)
 - World Bank
 - International Labour Organisation (ILO)
34. When did the government remove the barriers for investment in India?
- 1990
 - 1991
 - 1992
 - 1993
35. In which of the following basic categories can business environment be divided?
- Local and Regional
 - Regional and National.
 - Internal and External.
 - Financial and Nonfinancial.

36. _____ is a statement Which derives the role that an organization plays in a society.

- a) Goals.
- b) Mission.
- c) Objective.
- d) Success

37. _____ environment is within the control of the business.

- a) Internal.
- b) External.
- c) Micro.
- d) Macro.

38. Micro environment is also called as _____.

- a) General environment.
- b) Operating environment.
- c) Economics environment.
- d) Political environment.

39. Macro environment is also called as _____.

- a) General environment.
- b) Operating environment.
- c) Economic environment.
- d) Political environment

40. The Planning Commission was established in the year

- a. 1947
- b. 1948
- c. 1950
- d. 1965

41. The first plan started on

- a) 1950
- b) 1951
- c) 1965
- d) 1991

42. Planning Commission was scrapped on

- a) 2015
 - b) 2014
 - c) 2017
 - d) 2012
43. Formation of NITI AYOOG was announced in
- a) 15th August 2015
 - b) 15th August 2014
 - c) 26th January 2015
 - d) 26th January 2014
44. NITI AYOOG was established on
- a) 15th August 2015
 - b) 26th January 2015
 - c) 2nd October 2015
 - d) 1st January 2015
45. Which of the following is not a feature of Indian planning
- a) Development planning
 - b) Indicative planning
 - c) Democratic planning
 - d) Centralized planning
46. “GRAND INNOVATION CHALLENGE” was launched by
- a) NITI Aayog
 - b) Planning Commission
 - c) National Planning Committee
 - d) Finance Commission
47. Full form of NITI Aayog is
- a) National Institute for Transforming India
 - b) National Institution for transforming India
 - c) National Institute for Transmitting India
 - d) None of the above

- 48.** Who amongst the following is the chairperson of NITI Aayog
- a) The president
 - b) The Prime Minister
 - c) The Union Minister
 - d) The Finance Minister
- 49.** Who appoints the Vice-Chairperson of NITI Aayog
- a) The Prime Minister
 - b) The President
 - c) The Chief Executive Officer
 - d) The Union Minister
- 50.** Number of part-time members in NITI Aayog is
- a) 5
 - b) 10
 - c) Not exceeding 2
 - d) 2
- 51.** The concept of Participatory Development was introduced in
- a) 1980s
 - b) 1970s
 - c) 1950s
 - d) 2000s
- 52.** Engagement of local people in development project refers to
- a) Economic Development
 - b) Social Development
 - c) Participatory Development
 - d) Sustainable Development.
- 53.** The entire process of participatory development can be completed in
- a) 4 stages
 - b) 5 stages
 - c) 2 stage
 - d) 3 stages

- 54.** The form of Participation where the primary stakeholders participate in the discussion and analysis of pre-determined objectives is called
- a) Empowerment participation
 - b) Participation by collaboration
 - c) Participation by consultation
 - d) Passive participation
- 55.** The father of Indian planning is
- a) Jawahar lal Nehru
 - b) Mahatma Gandhi
 - c) B.R. Ambedkar
 - d) M. Vishveshwariah
- 56.** A rolling plan refers to a plan which
- a) Does not change its target every year
 - b) Changes its allocation every year
 - c) Changes its allocation and target every year
 - d) Changes only its target every year
- 57.** Who amongst the following is the longest serving member of Tripura State Planning Board
- a) Sri Nripen Chakraborty
 - b) Sri M.L.Debnath
 - c) Sri Jiten Chowdhury
 - d) Sri Sudhir Majumder
- 58.** What is the full form of GST?
- a. Goods and Supply Tax
 - b. Goods and Services Tax
 - c. General Sales Tax
 - d. Government Sales Tax
- 59.** In India, the GST is based on the dual model GST adopted in:
- a. UK
 - b. Canada

- c. USA
 - d. Japan
60. GST is a consumption of goods and service tax based on
- a. Development
 - b. Dividend
 - c. Destiny
 - d. Destination
61. Taxes that are levied on any Intra-State purchase are?
- a) IGST
 - b) CGST and SGST
 - c) SGST
 - d) SGST
62. Eliminating government set restrictions or barriers is called:
- a) Free trade
 - b) Favourable trade
 - c) Investment
63. Liberalisation aims at
- a) Socialistic pattern of society
 - b) Economic Planning
 - c) Economic Reforms
 - d) Land Reforms
64. Price rigidity is the characteristic of
- a) Monopoly
 - b) Oligopoly
 - c) Monopolistic competition
 - d) Perfect competitive competition
65. What type of unemployment is found in India?
- a) Structural Unemployment
 - b) Seasonal unemployment
 - c) Disguise unemployment

- d) All of the above
66. If a person is ready to work at the prevailing wage rate in the market, but he is unable to find the work, then what type of unemployment would it be called?
- a) Voluntary unemployment
 - b) Involuntary unemployment
 - c) Seasonal unemployment
 - d) None of the above
67. In which type of unemployment do the marginal productivity of the workers is zero?
- a) Disguised Unemployment
 - b) Involuntary unemployment
 - c) Seasonal unemployment
 - d) Structural Unemployment
68. What type of unemployment is found in developed countries?
- a) Involuntary unemployment
 - b) Voluntary unemployment
 - c) Structural unemployment
 - d) Disguised Unemployment
69. What is money laundering?
- a) Money laundering is the process of transferring foreign currency abroad.
 - b) Money laundering is the process of concealing the source of money.
 - c) Money laundering is the process of transferring money to support illegal activities.
 - d) Money laundering is the process of transferring money from tax havens.
70. What are “hawala transactions” ?
- a) Foreign trade in goods that are banned by the government.
 - b) Transfer of money without actually moving it.
 - c) Illegal drug trade at the international level.
 - d) Conversion of black money into white money.
71. Amalgamation and rapid unification between countries can be identified as
- a. Globalisation
 - b. Liberalisation

- c. Socialisation
 - d. Privatisation
72. Globalisation has improved in the living structure of
- a. All the people
 - b. Workers in developing countries
 - c. People in developed countries
 - d. None of the above.
73. Investments made by MNCs are termed as:
- a. Indigenous investment
 - b. Foreign investment
 - c. Entrepreneur's investment
 - d. None of the above
74. 1. The foreign direct investment includes
- a. Intellectual Property
 - b. Human Resource
 - c. Tangible Good
 - d. Intangible Goods
75. The disputes of FDI are over
- a) Concern
 - b) Interest
 - c) Regard
 - d) Hobby
76. What is global depository receipt?
- a) It is a receipt issued by multinational banks on deposit of money.
 - b) It is a receipt issued by stock exchange to bank clearing mechanism.
 - c) It is a receipt issued by an overseas bank in lieu of shares of a domestic company.
 - d) It is a receipt issued by stock exchange on investment by foreign portfolio investor.

77. What is FEMA ?

- a) First Exchange Management Act
- b) Foreign Exchequer Management Act
- c) Foreign Exchange Management Act
- d) Foreign Evaluation Management Act

78. Which of the following is mainly responsible for the causes of water pollution?

- (a) Afforestation
- (b) Oil refineries
- (c) Paper factories
- (d) Both b and c

79. Air pollution causes

- a. Global warming
- b. Respiratory problems
- c. Soil erosion
- d. None of these

80. Reducing the amount of future climate change is called:

- a) Mitigation
- b) Geo- engineering
- c) Adaptation
- d) None of these

81. Climate represents.....

- a) The long-term average weather and its statistical variation for a given region
- b) Weather averaged over a year
- c) It is a measure of variations in the amount of precipitation
- d) None of the above

82. This process is functional in removing carbon dioxide from the atmosphere

- (a) Lightning
- (b) Deforestation
- (c) Burning of fossil fuels
- (d) Photosynthesis

83. Which of the following is not a major greenhouse gas?
- (a) Ozone
 - (b) Water vapour
 - (c) Methane
 - (d) Carbon dioxide
84. Which of the following is not an objective of export promotion capital goods scheme ?
- a) Promote import of capital goods to enhance export
 - b) Promote exports from India
 - c) Reduce the customs duty collection from manufacturers
 - d) Infuse high technology capital equipment in the manufacturing sector
85. Which one of the following continents accounts for the maximum share in exports from India?
- a) Asia
 - b) Europe
 - c) Africa
 - d) North America
86. Which among the following products is usually not exported from India?
- a) Wheat
 - b) Rice
 - c) Sugar
 - d) Pulses
87. India has witnessed a number of acute problems immediately prior to the implementation of economic reforms in the early 1990s. Among the following, which one was severe and unmanageable?
- a) Industrial backwardness
 - b) Balance of payments crisis
 - c) Backwardness of agriculture
 - d) Shortage of food grains
88. During 2016-17, which of the following items under manufacturing goods sector had the highest share in India's exports ?
- a) Gems and jewellery

- b) Engineering goods
 - c) Chemical and related products
 - d) Handicrafts
89. What is the main purpose of export-import act?
- a) Chemical analysis
 - b) Regulate import export activities
 - c) Export of waste
 - d) Import of waste
90. Consider the following items imported by India:
1. Capital goods
 2. Petroleum
 3. Pearls and precious stones
 4. Chemicals
 5. Iron and steel
- The correct sequence of the decreasing order of these items (as per 2016 -17 figures), in terms of value is
- a) 1 2 3 4 5
 - b) 1 2 4 3 5
 - c) 2 3 1 4 5
 - d) 2 1 4 5 3
91. Which of the following are the major reason for India's recent sluggish export performance?
1. Slowdown in demand from some major importers
 2. The appreciation of US dollars
 3. Labour laws in India
 4. High cost of power in India
- Select the correct answer using the codes given below:
- a) 1, 3, and 4 only
 - b) 1, 2, 3, and 4
 - c) 1 and 2 only
 - d) 3 and 4 only
92. The major benefits of trade include:

- a) Reduction in transportation cost
 - b) Increases in incomes and employment
 - c) Advances in technical methods
 - d) b and c
93. Countries that are members of the GATT/WTO are called:
- a) Member nations
 - b) Members
 - c) Contracting parties
 - d) Contracting members
94. Consumer Protection Act is significant to
- a. Immovable Goods
 - b. Movable Goods
 - c. Particular Goods and Services
 - d. All Goods and Services
95. Under the Consumer Protection Act, the rights of a consumer do not include to be
- a. Safety
 - b. Choose
 - c. Presented
 - d. Informed
96. When the seller manipulates the price, it is known as
- a. Caveat Emptor
 - b. Unfair trade practices
 - c. Restricted trade practices
 - d. None of the above
97. The Consumer protection act 1986 extends to
- (a) The whole India
 - (b) The whole India except Jammu and Kashmir
 - (c) The whole India except Nagaland tribal area
 - (d) Both (b) & (c)
98. In case of death of a consumer who can prefer compliant under Section 2(1)(b) of Consumer Protection Act 1986

- (a) His legal heir or representative
- (b) State Government
- (c) Consumer association registered under the Companies Act, 1956
- (d) No one can prefer complaint

99. As per Section 2(1)(a) of Consumer Protection Act 1986, 'appropriate laboratory' means a laboratory or organisation

- (i) recognised by the Central Government
- (ii) recognised by a State Government
- (iii) financed or aided by the Central Government or a State Government for carrying out analysis or test of any goods with a view to determining whether such goods suffer from any defect

Codes:

- (a) (i) & (ii)
- (b) (ii) & (iii)
- (c) (i) & (iii)
- (d) (i), (ii) & (iii)

100. As per section 2(1)(m) of Consumer Protection Act 1986, "person" includes

- (i) a firm whether registered or not
- (ii) a Hindu undivided family
- (iii) a co-operative society
- (iv) every other association of persons whether registered under the Societies

Registration Act, 1860 or not;

Codes:

- (a) (i), (ii) & (iii)
- (b) (i), (ii) & (iv)
- (c) (i), (iii) & (iv)
- (d) (i), (ii), (iii) & (iv)

Answer key

Q NO.	ANS								
1	D	21	D	41	B	61	B	81	A
2	A	22	C	42	B	62	A	82	D
3	D	23	C	43	B	63	C	83	A
4	C	24	A	44	D	64	C	84	C
5	D	25	C	45	D	65	D	85	A
6	C	26	D	46	A	66	B	86	D
7	A	27	A	47	B	67	A	87	B
8	D	28	B	48	B	68	B	88	A
9	A	29	C	49	A	69	B	89	B
10	D	30	C	50	C	70	B	90	C
11	D	31	B	51	B	71	A	91	A
12	B	32	D	52	C	72	B	92	D
13	D	33	B	53	A	73	B	93	C
14	D	34	B	54	B	74	C	94	D
15	B	35	C	55	D	75	B	95	C
16	C	36	B	56	C	76	C	96	C

17	A	37	A	57	B	77	C	97	B
18	C	38	B	58	B	78	D	98	A
19	C	39	A	59	B	79	B	99	D
20	D	40	C	60	D	80	A	100	D

Prepared By

Rajan P
Assistant Professor of Commerce (Contract) School of Distance
Education
University of Calicut

UNIVERSITY OF CALICUT
School of Distance Education

MCM1C03 – QUANTITATIVES TECHNIQUES
M.Com. I Semester (2019 Admn.)

Multiple Choice Question Bank

1. The techniques which provide the decision maker a systematic and powerful means of analysis to explore policies for achieving predetermined goals are called.....
 - a. Correlation techniques
 - b. Mathematical techniques
 - c. Quantitative techniques
 - d. None of the above
2. Correlation analysis is a
 - a. Univariate analysis
 - b. Bivariate analysis
 - c. Multivariate analysis
 - d. Both b and c
3. If change in one variable results a corresponding change in the other variable, then the variables are.....
 - a. Correlated
 - b. Not correlated
 - c. Any of the above
 - d. None of the above
4. When the values of two variables move in the same direction, correlation is said to be
 - a. Linear
 - b. Non-linear
 - c. Positive
 - d. Negative
5. When the values of two variables move in the opposite directions, correlation is said to be
 - a. Linear
 - b. Non-linear
 - c. Positive
 - d. Negative
6. When the amount of change in one variable leads to a constant ratio of change in the other variable, then correlation is said to be
 - a. Linear
 - b. Non-linear
 - c. Positive
 - d. Negative
7.attempts to determine the degree of relationship between variables.
 - a. Regression analysis
 - b. Correlation analysis
 - c. Inferential analysis
 - d. None of these
8. Non-linear correlation is also called.....
 - a. Non-curved linear correlation
 - b. Curved linear correlation
 - c. Zero correlation
 - d. None of these

32. If coefficient of correlation is more thanof its P E, correlation is significant.
- a. 2 times b. 5 times c. 6 times d. 10 times
33. In correlation analysis, Probable Error = x 0.6745
- a. Standard deviation b. Standard error
c. Coefficient of correlation d. None of these
34. Coefficient of concurrent deviation depends on
- a. The signs of the deviations b. The magnitude of the deviations
c. Both a and b d. None of these
35. Correlation analysis between two sets of data only is called.....
- a. Partial correlation b. Multiple correlation
c. Nonsense correlation d. Simple correlation
36. Correlation analysis between one dependent variable with one independent variable by keeping the other independent variables as constant is called.....
- a. Partial correlation b. Multiple correlation
c. Nonsense correlation d. Simple correlation
37. Study of correlation among three or more variables simultaneously is called.....
- a. Partial correlation b. Multiple correlation
c. Nonsense correlation d. Simple correlation
38. If $r = 0.8$, coefficient of determination is.....
- a. 80% b. 8% c. 64% d. 0.8%
39. If r is the simple correlation coefficient, the quantity r^2 is known as
- a. Coefficient of determination b. Coefficient of non-determination
c. Coefficient of alienation d. None of these
40. If r is the simple correlation coefficient, the quantity $1 - r^2$ is known as
- a. Coefficient of determination b. Coefficient of non-determination
c. Coefficient of alienation d. None of these
41. The term regression was first used by.....
- a. Karl Pearson b. Spearman
c. R A Fisher d. Francis Galton
42.refers to analysis of average relationship between two variables to provide mechanism for prediction.
- a. Correlation b. Regression
c. Standard error d. None of these

43. If there are two variables, there can be at most number of regression lines.
- a. One b. Two c. Three d. Infinite
44. If the regression line is Y on X, then the variable X is known as.....
- a. Independent variable b. Explanatory variable
c. Regressor d. All the above
45. Regression line is also called.....
- a. Estimating equation b. Prediction equation
c. Line of average relationship d. All the above
46. If the regression line is X on Y, then the variable X is known as.....
- a. Dependent variable b. Explained variable
c. Both a and b d. Regressor
47. If the regression line is X on Y, then the variable X is known as.....
- a. Dependent variable b. Independent variable
c. Both a and b d. None of the above
48. If the regression line is Y on X, then the variable X is known as.....
- a. Dependent variable b. Independent variable
c. Both a and b d. None of the above
49. The point of intersection of two regression lines is.....
- a. (0,0) b. (1,1) c. (x,y) d. (x,)
50. If $r = \pm 1$, the two regression lines are.....
- a. Coincident b. Parallel
c. Perpendicular to each other d. None of these
51. If $r = 1$, the angle between the two regression lines is.....
- a. Ninety degree b. Thirty degree
c. Zero degree d. Sixty degree
52. If $r = 0$, the two regression lines are:
- a. Coincident b. Parallel
c. Perpendicular to each other d. None of these
53. If b_{xy} and b_{yx} are two regression coefficients, they have:
- a. Same signs b. Opposite signs
c. Either a or b d. None of the above.
54. If $b_{yx} > 1$, then b_{xy} is:
- a. Greater than one b. Less than one
c. Equal to one d. Equal to zero

55. If X and Y are independent, the value of b_{yx} is equal to
- a. Zero b. One c. Infinity d. Any positive value
56. The property that both the regression coefficients and correlation coefficient have same signs is called.....
- a. Fundamental property b. Magnitude property
c. Signature property d. None of these
57. The property that $b_{yx} > 1$ implies that $b_{xy} < 1$ is known as
- a. Fundamental property b. Magnitude property
c. Signature property d. None of these
58. If X and Y are independent, the property $b_{yx} = b_{xy} = 0$ is called
- a. Fundamental property b. Magnitude property
c. Mean property d. Independence property
59. The Correlation coefficient between two variables is the of their regression coefficients.
- a. Arithmetic mean b. Geometric mean
c. Harmonic mean d. None of these
60. If the correlation coefficient between two variables, X and Y, is negative, then the regression coefficient of Y on X is.....
- a. Positive b. Negative
c. Not certain d. None of these
61. The G M of two regression coefficients b_{yx} and b_{xy} is equal to
- a. R b. r^2 c. $1 - r^2$ d. None of these
62. If one regression coefficient is negative, the other is
- a. 0 b. - ve c. +ve d. Either a or b
63. Arithmetic mean of the two regression coefficients is:
- a. Equal to correlation coefficient
b. Greater than correlation coefficient
c. Less than correlation coefficient
d. Equal to or greater than correlation coefficient
64. b_{yx} is the regression coefficient of the regression equation.....
- a. Y on X b. X on Y c. Either a or b d. None of these
65. b_{xy} is the regression coefficient of the regression equation.....
- a. Y on X b. X on Y c. Either a or b d. None of these

66. In regression analysis, only one independent variable is used to explain the dependent variable.
- a. Multiple b. Non-linear c. Linear d. None of these
67. The regression coefficient and correlation coefficient of the two variables will be the same if theirare same.
- a. Arithmetic mean b. Standard deviation
c. Geometric mean d. Mean deviation
68. The idea of testing of hypothesis was first set forth by
- a. R A Fisher b. J Neyman c. E L Lehman d. A Wald
69. By testing of hypothesis, we mean:
- a. A significant procedure in Statistics
b. A method of making a significant statement
c. A rule for accepting or rejecting hypothesis
d. A significant estimation of a problem.
70. Testing of hypothesis andare the two branches of statistical inference.
- a. Statistical analysis b. Probability
c. Correlation analysis d. Estimation
71. is the original hypothesis
- a. Null hypothesis b. Alternative hypothesis
b. Either a or b d. None of these
72. A null hypothesis is denoted by.....
- a. H_0 b. H_1 c. NH d. None of these
73. An alternative hypothesis is denoted by.....
- a. H_0 b. H_1 c. AH d. None of these
74. Whether a test is one sided or two sided, depends on.....
- a. Simple hypothesis b. Composite hypothesis
c. Null hypothesis d. Alternative hypothesis
75. A wrong decision about null hypothesis leads to:
- a. One kind of error b. Two kinds of errors
c. Three kinds of errors d. Four kinds of errors
76. Power of a test is related to
- a. Type I error b. Type II error
c. Both a and b d. None of these

77. Level of significance is the probability of.....
- a. Type I error
 - b. Type II error
 - c. Both a and b
 - d. None of these
78. Which type of error is more severe error:
- a. Type I error
 - b. Type II error
 - c. Both a and b
 - d. None of these
79. Type II error means.....
- a. Accepting a true hypothesis
 - b. Rejecting a true hypothesis
 - c. Accepting a wrong hypothesis
 - d. Rejecting a wrong hypothesis
80. Type I error is denoted by.....
- a. Alpha
 - b. Beta
 - c. Gamma
 - d. None of these
81. Type II error is denoted by.....
- a. Alpha
 - b. Beta
 - c. Gamma
 - d. None of these
82. The level of probability of accepting a true null hypothesis is called.....
- a. Degree of freedom
 - b. Level of significance
 - c. Level of confidence
 - d. D,
83. The probability of rejecting a true null hypothesis is called.....
- a. Degree of freedom
 - b. Level of significance
 - c. Level of confidence
 - d. None of these
84. $1 - \text{Level of confidence} =$
- a. Level of significance
 - b. Degree of freedom
 - c. Either a or b
 - d. None of these
85. While testing a hypothesis, if level of significance is not mentioned, we take level of significance.
- a. 1%
 - b. 2%
 - c. 5%
 - d. 10%
86. A sample is treated as large sample, when its size is.....
- a. More than 100
 - b. More than 75
 - c. More than 50
 - c. More than 30
87.refers to the number of independent observations which is obtained by subtracting the number of constraints from the total number of observations.
- a. Sample size
 - b. Degree of freedom
 - c. Level of significance
 - d. Level of confidence
88. Total number of observations – number of constraints =.....
- a. Level of significance
 - b. Degree of freedom

- c. Level of confidence
d. Sample size
89. Accepting a null hypothesis when it is false is called.....
a. Type I error
b. Type II error
c. Probable error
d. Standard error
90. Accepting a null hypothesis when it is true is called.....
a. Type I error
b. Type II error
c. Probable error
d. No error
91. When sample is small,..... test is applied.
a. t-test
b. Z test
c. F test
d. None of these
92. To test a hypothesis about proportions of items in a class, the usual test is.....
a. t-test
b. Z- test
c. F test
d. Sign test
93. Student's t-test is applicable when:
a. The values of the variate are independent
b. The variable is distributed normally
c. The sample is small
d. All the above
94. Testing of hypotheses $H_0 : \mu = 45$ vs. $H_1 : \mu > 45$ when the population standard deviation is known, the appropriate test is:
a. t-test
b. Z test
c. Chi-square test
d. F test
95. Testing of hypotheses $H_0 : \mu = 85$ vs. $H_1 : \mu > 85$, is atest.
a. One sided left tailed test
b. One sided right tailed test
c. Two tailed test
d. None of these
96. Testing of hypotheses $H_0 : \mu = 65$ vs. $H_1 : \mu < 65$, is atest.
a. One sided left tailed test
b. One sided right tailed test
c. Two tailed test
d. None of these
97. Testing of hypotheses $H_0 : \mu = 65$ vs. $H_1 : \mu \neq 65$, is atest.
a. One sided left tailed test
b. One sided right tailed test
c. Two tailed test
d. None of these
98. Student's t-test was designed by
a. R A Fisher
b. Wilcoxon
c. Wald wolfowitz
d. W S Gosset
99. Z test was designed by
a. R A Fisher
b. Wilcoxon
c. Wald wolfowitz
d. W S Gosset

100. Z test was designed by
- a. R A Fisher
 - b. Wilcoxon
 - c. Wald wolfowitz
 - d. W S Gosset
101. The range of F ratio is
- a. - 1 to + 1
 - b. - to
 - c. 0 to
 - d. 0 to 1
102. While computing F ratio, customarily, the larger variance is taken as
- a. Denominator
 - b. Numerator
 - c. Either way
 - d. None of these
103. Chi-square test was first used by
- a. R A Fisher
 - b. William Gosset
 - c. James Bernoulli
 - d. Karl Pearson
104. The Chi-square quantity ranges from to
- a. - 1 to + 1
 - b. - to
 - c. 0 to
 - d. 0 to 1
105. Degrees of freedom for Chi-square test in case of contingency table of order (2x2) is:
- a. 4
 - b. 3
 - c. 2
 - d. 1
106. Degrees of freedom for Chi-square test in case of contingency table of order (4x3) is:
- a. 4
 - b. 3
 - c. 6
 - d. 7
107. Degrees of freedom for Chi-square test in case of contingency table of order (5x5) is:
- a. 25
 - b. 16
 - c. 10
 - d. Infinity
108. The magnitude of the difference between observed frequencies and expected frequencies is called
- a. F value
 - b. Z value
 - c. t value
 - d. Chi-square value
109. When the expected frequencies and observed frequencies completely coincide, the chi-square value will be
- a. + 1
 - b. - 1
 - c. 0
 - d. None of these
110. If the discrepancy between observed and expected frequencies are greater, will be the chi-square value.
- a. Greater
 - b. Smaller
 - c. Zero
 - d. None of these
111. Calculated value of chi-square is always.....
- a. Positive
 - b. Negative
 - c. Zero
 - d. None of these
112. While applying chi-square test, the frequency in any cell should not be
- a. More than 5
 - b. Less than 5

- c. More than 10
d. Less than 10
113. Analysis of variance utilises.....
- a. F test b. Chi square test c. Z test d. t test
114. In one way ANOVA, the variances are:
- a. Within samples b. Between samples
c. Total d. All
115. The technique of analysis of variance was developed by
- a. Frank Wilcoxon b. Karl Pearson
c. R A Fisher d. Kolmogrov
116. Non-parametric test is :
- a. Distribution free test
b. Not concerned with parameter
c. Does not depend on the particular form of the distribution
d. None of these
117.tests follow assumptions about population parameters.
- a. Parametric b. Non-parametric
c. One-tailed d. Two-tailed
118.is the simplest and most widely used non-parametric test
- a. Sign test b. K-S test
c. Chi-square test d. Wilcoxon matched paired test
119. Runs test was designed by
- a. Kruskal and Wallis b. Kolmogrov and Smirnov
c. Wald wolfowitz d. Karl Pearson
120. Which one of the following is a non-parametric test?
- a. F test b. Z test c. t test d. Wilcoxon test
121. Control charts are also termed as.....
- a. Shewart charts b. Process behaviour chart
c. Both a and b d. None of these
122. What type of chart will be used to plot the number of defective in the output of any process?
- a. x chart b. R chart c. C chart d. P chart
123. Process control is carried out:
- a. Before production b. During production
c. After production d. All of the above

ANSWER KEY

1 : c	21 : d	41 : d	61 : a	81 : b	101 : c	121 : c
2 : d	22 : a	42 : b	62 : b	82 : c	102 : b	122 : d
3 : a	23 : d	43 : b	63 : b	83 : b	103 : d	123 : b
4 : c	24 : b	44 : d	64 : a	84 : a	104 : c	124 : c
5 : d	25 : c	45 : d	65 : b	85 : c	105 : d	125 : a
6 : a	26 : c	46 : c	66 : c	86 : d	106 : c	126 : b
7 : b	27 : a	47 : a	67 : b	87 : b	107 : b	127 : b
8 : b	28 : b	48 : b	68 : b	88 : b	108 : d	128 : c
9 : a	29 : d	49 : d	69 : c	89 : b	109 : c	129 : d
10 : c	30 : d	50 : a	70 : d	90 : d	110 : a	130 : c
11 : d	31 : a	51 : c	71 : a	91 : a	111 : a	131 : a
12 : a	32 : c	52 : c	72 : a	92 : b	112 : b	132 : a
13 : b	33 : b	53 : a	73 : b	93 : d	113 : a	133 : a
14 : c	34 : a	54 : b	74 : d	94 : b	114 : d	134 : b
15 : d	35 : d	55 : a	75 : b	95 : b	115 : c	
16 : a	36 : a	56 : c	76 : b	96 : a	116 : d	
17 : c	37 : b	57 : b	77 : a	97 : c	117 : a	
18 : c	38 : c	58 : d	78 : b	98 : d	118 : c	
19 : b	39 : a	59 : b	79 : c	99 : a	119 : c	
20 : a	40 : b	60 : b	80 : a	100 : a	120 : a	

UNIVERSITY OF CALICUT
School of Distance Education

MCM2C08 - STRATEGIC COST ACCOUNTING
M.Com. II Semester (2019 Admn.)

Multiple Choice Question Bank

1. Marginal costing is a
 - a. Method of costing
 - b. Technique of costing
 - c. Process of costing
 - d. None of the above
2. Contribution is known as
 - a. Marginal income
 - b. Marginal cost
 - c. Gross profit
 - d. Net income
3. Margin of safety may be improved by
 - a. Increasing sales volume
 - b. Lowering variable cost
 - c. Lowering fixed cost
 - d. All of the above
4. PV ratio may be improved by
 - a. Increasing the sales price
 - b. Lowering variable cost
 - c. Lowering fixed cost
 - d. None of the above
5. For decision making purpose, which is more suitable to the management
 - a. Standard costing
 - b. Marginal costing
 - c. Absorption costing
 - d. Traditional costing
6. Increasing in selling price
 - a. Increase PV ratio
 - b. Decrease break even point
 - c. Increase margin of safety
 - d. None of the above
7. Increase in variable cost
 - a. Increases in PV ratio
 - b. Decreases breakeven point
 - c. Increases margin of safety
 - d. None the above
8. Marginal costing technique helps the management in deciding
 - a. Price of the product
 - b. Make or buy decision
 - c. To accepts fresh orders at low price
 - d. All of the above

9. Which of the following is true at breakeven point
- a. Contribution = fixed cost
 - b. Sales = total cost
 - c. Sales curve cuts total cost line
 - d. All of the above
10. Activity-based costing:
- a. Uses a plant-wide overhead rate to assign overhead
 - b. Is not expensive to implement
 - c. Typically applies overhead costs using direct labor-hours
 - d. Uses multiple activity rates
11. Assigning overhead using ABC often:
- a. Shifts overhead costs from high-volume products to low-volume products
 - b. Shifts overhead costs from low-volume products to high-volume products
 - c. Provides the same results as traditional costing
 - d. Requires one predetermined overhead rate
12. Painting the product would be an example of which activity level groups
- a. Facility-level activity
 - b. Product-level activity
 - c. Unit-level activity
 - d. Batch-level activity
13. Plant depreciation is an example of which activity-level group?
- a. Unit-level activity
 - b. Facility-level activity
 - c. Batch-level activity
 - d. Product-level activity
14. Assume that a company produces two products in a manufacturing plant. One is a low volume specialty product that is produced on a demand pull basis, while the other is a high volume product that is produced on a push basis for inventory. A production volume based cost allocation system would tend to
- a. Accurately reflect the product cost of the two products.
 - b. Overstate the product cost of the low volume product.
 - c. Understate the product cost of the low volume product.
 - d. Overstate the product cost of both products.
15. In the situation stated in the question above, the company's net income based on a production volume based system will tend to be _____ relative to net income based on an activity based costing system.
- a. Overstated.
 - b. Understated.

- c. Overstated for the low volume product and understated for the high volume product.
 - d. b and d.
16. Cooper and Kaplan recommend using which of the following as the basis, or denominator, when developing activity cost pool rates for activity based costing.
- a. The maximum capacity for each activity.
 - b. The practical capacity for each activity.
 - c. The planned or budgeted for each activity.
 - d. The normal capacity for each activity.
17. Which of the following is not an argument for using a separate stand alone system for activity based costing, i.e., rather than integrating ABC with the general ledger system used for GAAP?
- a. GAAP product costs may be incorrect relative to ABC product costs
 - b. It is faster to develop.
 - c. It is less costly to develop.
 - d. Subjective information can be used that auditors might question.
18. Which of the following arguments support integrating ABC with the general ledger system used for GAAP, rather than using a separate stand alone ABC system?
- a. Managers tend to prefer a single accounting system for product costing.
 - b. Two separate systems tend to be confusing for management.
 - c. Two separate systems tend to create redundant information and staff.
 - d. all of the above.
19. Which of the following types of characteristics tend to cause too little overhead costs to be charged to the product using traditional cost allocations?
- a. a relatively small product.
 - b. a relatively low volume product.
 - c. a relatively simple product.
 - d. a and b.
20. Which audience was activity based costing originally designed to serve?
- a. Users of external financial statements.
 - b. Front line managers who plan & control activities or processes on a daily basis.
 - c. Managers who make short term strategic decisions such as outsourcing.
 - d. Managers who make long term strategic decisions concerning investments.
21. A company that uses a traditional two stage cost allocation approach is likely to do the following.
- a. Overhead allocations to high volume products will tend to be overstated while overhead allocations to low volume products will tend to be understated.

- b. Overhead allocations to high volume products will tend to be understated, while allocations to low volume products will tend to be overstated.
 - c. Overhead allocations to large products will tend to be understated.
 - d. a and c.
22. The main difference (or differences) between how traditional costing and activity based costing treat indirect manufacturing costs is (are) that
- a. Traditional costing uses only production volume based drivers while activity based costing uses only non production volume based drivers.
 - b. Traditional costing treats only unit level costs as variable, while abc systems treat unit level, batch level and product level costs as variable.
 - c. Traditional cost allocations are usually based on a plant wide overhead rate, while abc systems use departmental overhead rates.
 - d. A and b.
23. The Cooper/Kaplan "Rule of One" refers to the following:
- a. Only one overhead rate should be used to allocate fixed costs.
 - b. If only one item is represented by an activity cost pool, then the cost can be classified as fixed.
 - c. If there is more than one activity cost pool, then one of the cost pools must be variable.
 - d. Traditional cost allocation systems will distort the allocations for at least one cost pool.
24. Activity based cost systems would probably provide the greatest benefits for organizations that use
- a. Job order costing.
 - b. Process costing.
 - c. Historical costing
 - d. Standard costing.
25. When traditional production volume based overhead allocations are made, rather than activity based allocations,
- a. The unit costs of high volume and large size products tend to be overstated, while the unit cost of low volume and small products tend to be understated.
 - b. The unit costs of high volume and large size products tend to be understated, while the unit cost of low volume and small products tend to be overstated.
 - c. The unit costs of high volume and small products tend to be overstated, while the unit costs of low volume and large products is understated.

- d. The unit costs of high volume and small products tend to be understated, while the unit costs of low volume and large products is overstated.
26. In order to compute equivalent units of production using the Weighted Average method of process costing, the following equation should be used:
- a. Equivalent units of beginning work in process + units completed and transferred out
 - b. Equivalent units of beginning work in process + equivalent units of ending work in process
 - c. Units completed and transferred out + equivalent units of ending work in process
 - d. Units completed and transferred out + equivalent units of beginning work in process
27. If beginning work in process is 2,000 units, ending work in process is 1,000 units, and the units accounted for equals 5,000 units, what are the units completed and transferred out?
- a. 7000
 - b. 6000
 - c. 4000
 - d. 2000
28. One characteristic of products that are mass-produced in a continuous production process is that
- a. The products are identical or very similar in nature.
 - b. They are grouped in batches.
 - c. They are produced at the time an order is received.
 - d. Their costs are accumulated on job cost sheets.
29. Conversion costs are the sum of:
- a. Direct materials costs and direct labor costs
 - b. Indirect materials costs and indirect labor costs
 - c. Direct materials costs and overhead costs
 - d. Direct labor costs and overhead costs
30. A production cost report
- a. Used to record the costs chargeable to a specific job
 - b. Shows only cost data for a production department
 - c. Provides a basis for evaluating the productivity of a department
 - d. Combines process cost and job order costing systems costs
31. Which is not a similarity between job order costing and process costing?
- a. Methods of assigned costs
 - b. Tracking of direct materials, direct labor and manufacturing overhead
 - c. Accumulating journal entries
 - d. Flow of costs

32. The journal entry that assigns raw materials costs in a process costing system includes
- a. Debit to raw materials
 - b. Credit to raw materials
 - c. Debit to Accounts Payable
 - d. Credit to Work in Process
33. Calculating equivalent units in a weighted average method:
- a. The beginning inventory percentage complete is used only for conversion costs
 - b. The beginning inventory percentage complete is used for both material and conversion costs
 - c. The beginning inventory amount is not accounted for
 - d. The beginning inventory amount is used in total
34. in a process costing system, manufacturing overhead is assigned to work in process by
- a. Department based on actual overhead costs incurred
 - b. Department based on predetermined overhead rates
 - c. Job based on actual overhead costs incurred
 - d. Job based on predetermined overhead rates
35. Which of the following system applies when standard goods are produced under a series of inter connected operations?
- a. Job order costing
 - b. Process costing
 - c. Standard costing
 - d. All of the above
36. The process costing system is best suited for
- a. Industries where different types of products are manufactured
 - b. Industries where homogenous products are manufactured on continuous basis
 - c. Service industry only
 - d. All of the above
37. Which of the following business is likely to adopt a process costing system?
- a. Plan manufactures
 - b. Construction companies
 - c. Sugar refining
 - d. Printing press
38. Materials labor and overhead costs are traced to processing departments rather than individual products or jobs. This statement is true for
- a. A job order costing system
 - b. An activity based costing system
 - c. A process costing system
 - d. A variable costing system
39. In process costing system, the materials can be added in
- a. First department only
 - b. Last department only

- c. First and last department only d. Any department
40. Which of the following is not relevant to a process costing system?
- a. Heterogeneous products b. Recitative production
- c. High production volume d. Low production flexibility
41. Which of the following is not correct about process costing and job order costing?
- a. Both the system classify materials as direct material and or indirect materials.
- b. Both the system classify labor ans direct labor and or indirect labor
- c. Direct materials under job order costing might be indirect under process costing and vice versa.
- d. Both the systems assigns costs by process.
42. In process costing system, when partially completed units are expressed in terms of fully completed units they are known as
- a. Completed units b. Equivalent units
- c. Unfinished units d. Transferred units
43. The direct material costing Rs. 4000 has been used in mixing department. The correct journal entry would be
- a. Direct materials Dr. and work in process-mixing department CR
- b. Work-in –process-mixing department Dr and Direct materials Cr
- c. Finished goods DR and Direct materials Cr
- d. Mixing department Dr and Direct material Cr
44. In a process costing system, the manufacturing overhead (or factory OH) is usually applied using
- a. Predetermined overhead rate b. An actual overhead rate
- c. A conversion overhead rate d. An indirect labor rate
45. In process costing system, the predetermined overhead rate is computed.
- a. Only once and used for all the processing department
- b. Separately for each processing department
- c. Only for the first processing department where units are started
- d. Only for the last department where units are completed and transferred to finished goods area.
46. Where the normal loss in a department is identified at the end of process, its cost is :-
- a. Ignored

- b. Charged to work in progress ending inventory only
 - c. Charged to units completed and transferred out only
 - d. Charged to work in process ending inventory as well as to units completed and transferred out
47. While preparing the cost of production report of a processing department, use per unit cost from producing department needs to be adjusted when the
- a. Normal loss is identified during the process.
 - b. Normal loss is identified at the end of the process
 - c. Abnormal loss is identified during the process
 - d. Abnormal loss is identified at the end of the process.
48. The normal or standard loss in processing department is generally considered
- a. An avoidable loss
 - b. Un avoidable loss
 - c. An additional loss
 - d. A basic loss
49. A loss in processing departments which can be avoided under normal and efficient working conditions is generally known as
- a. Normal loss
 - b. Extra loss
 - c. Abnormal loss
 - d. Department loss
50. In process costing the abnormal loss occurred in a production department is
- a. Charged to finished goods
 - b. Charged to unfinished goods
 - c. Charged to factory overhead
 - d. Ignored
51. Which of the following characteristics is relevant to process costing but not to job order costing?
- a. Averaging process
 - b. Identifiable batches of production
 - c. Equivalent units
 - d. Use of standard cost
52. Which of the following types of spoilage should not affect the recorded cost of inventories
- a. Normal spoilage
 - b. Standard spoilage
 - c. Abnormal spoilage
 - d. Seasonal spoilage
53. A section of the cost of production report which shows the physical flow of units through various producing departments is usually labeled as
- a. Schedule of physical flow
 - b. Quantity schedule
 - c. Equivalent units of production
 - d. Cost to be accounted for
54. What does FIFO mean?

- a. Finished stock In Finished stock out b. Fabrications Inward Fabrications Outward
c. Final Input Final Output d. First In First Out
55. Regardless of how long it takes to produce and sell inventory, inventory is always considered to be a?
- a. Current asset b. Current liability
c. Long-term asset d. Stockholder's equity
56. The latest cost of inventories is changed to production but the old prices are changed to inventories on hand?
- a. Average LIFO FIFO Perpetual
57. An increase in inventories indicates that?
- a. More merchandise was purchased than the amount sold to customer
b. Less merchandise was purchased than sold to the customer
c. Not all purchases were cash
d. Cash payments were more than purchases on account
58. Which type of inventory system is updated inventory system?
- a. Periodic inventory system b. Contingency inventory system
c. LIFO d. Perpetual inventory system
59. What is the principal criterion used to distinguish between tangible assets and inventories?
- a. The physical substance of the asset
b. The acquisition cost of the asset
c. The nature of the company's activity, which determines the purpose for which the asset is held
d. The moment in the accounting period when the asset is acquired
60. Which of the following method is suitable for calculating the cost of inventory when actual costs of individual units of merchandise can be determined from the accounting records?
- a. FIFO Method b. LIFO Method
c. Specific Identification Method d. Average Method
61. The inventories are recorded at the latest price but the production cost is changed old cost price?
- a. FIFO b. Average c. Both A & B d. None

62. Which one of the following methods for inventory valuation may be misleading when the units are identical?
- a. FIFO Method
 - b. LIFO Method
 - c. Specific Identification Method
 - d. None
63. During September, Khan had sales of 148,000, which made a gross profit of 40,000. Purchases amounted to 100,000 and opening inventory was 34,000. The value of closing inventory was?
- a. Rs. 24,000
 - b. Rs. 26,000
 - c. Rs. 42,000
 - d. Rs. 54,000
64. Which type of inventory system requires updating the inventory balance at the end of the accounting period?
- a. Periodic inventory system
 - b. LIFO
 - c. Perpetual inventory system
 - d. FIFO
65. In LIFO method of inventory valuation?
- a. Issue of stocks to production is at latest price
 - b. Closing stock is at latest price
 - c. Both (a) & (b)
 - d. Neither (a) nor (b)
66. The inventory method that will always produce the same amount for cost of goods sold in a periodic inventory system as in a perpetual inventory system would be?
- a. FIFO
 - b. LIFO
 - c. Weighted average
 - d. None of these
67. Inventory does not include?
- a. Materials used in the production of goods to be sold
 - b. Assets intended to be sold in the normal course of business
 - c. Equipment used in the manufacturing are sold
 - d. Assets currently in production for normal sales
68. Net Purchases equal the invoice amount and?
- a. Plus freight-in, plus discounts
 - b. Less purchase returns, plus purchase allowances
 - c. Plus freight-in, less purchase discounts
 - d. Plus discounts, less purchase returns
69. In FIFO method of inventory valuation?
- a. Closing stock is at latest price

- b. Issue of stocks to production is at earliest price
 - c. Both (a) & (b)
 - d. Neither (a) nor (b)
70. The average inventory costing method which results in a changed unit inventory cost after each successive purchase?
- a. Weighted average
 - b. Moving average
 - c. Specific cost
 - d. Simple average
71. The specific cost identification inventory cost flow method has all of the following characteristics except?
- a. It identifies the cost of each physical item available for sale with either the ending inventory or cost of goods sold
 - b. It relates cost flow to the specific flow of physical goods
 - c. It is especially applicable when small and inexpensive items are handled in large quantities
 - d. It requires individual identification of items some device like tags or serial numbers
72. Sales revenues are usually considered earned when?
- a. Cash is received from credit sales
 - b. An order is received
 - c. Goods have been transferred from the seller to the buyer
 - d. Adjusting entries are made
73. A retail firm would normally use an inventory account titled?
- a. Finished Goods Inventory
 - b. Merchandise Inventory
 - c. Goods in Process Inventory
 - d. Raw Materials Inventory
74. Which one of the following does not describe a type of transfer pricing?
- a. Target based
 - b. Cost based
 - c. Negotiated
 - d. Administered
75. Systematic evaluation of the trade-offs between product functionality and product cost while still satisfying customer needs is the definition of
- a. Activity based management
 - b. Theory of constraints
 - c. Total quality management
 - d. Value engineering
76. Productivity is the ratio between input and _____.
- A. Product
 - B. Output
 - C. Value
 - D. Cost

77. Labour productivity measures the growth in value added _____ per unit of labour used.
a. Input b. Output c. Cost d. Energy
78. Pareto Principle is _____ rule.
a. 80/20 b. 50/50 c. 60/40 d. 10/90
79. The Theory of Constraints is an organizational change method that is focused on _____ improvement.
a. Profit b. Cost c. Product d. Economics
80. The essential concept of TOC is that every organization must have at least one _____.
a. Process b. Function c. Constraint d. Cost
81. A _____ is any factor that limits the organization from getting more of whatever it strives for.
a. Constraint b. Cost c. Profit d. Revenue
82. Lean management has been developed with the intention of reducing _____ and maximizing the value of the product or the service to the customer.
a. Cost b. Value Cost c. Process Waste d. Profit
83. _____ is an important part of lean thinking.
a. Lean Management b. Cost Management
c. Strategic Cost d. Cost Reduction
84. A _____ is the sequence of phases that a project goes through from its initiation to its closure.
a. Product Management b. Project Management
c. Project Sequencing d. ProjectLife Cycle
85. _____ describes the activities within and around an organization, and relates them to an analysis of the competitive strength of the organization.
a. Value Chain Analysis b. Value Management
c. Value Engineering d. Strategic Cost
86. Porter argues that the ability to perform particular activities and to manage the linkages between these activities is a source of _____ advantage.
a. Cost b. Competitive c. Functional d. Profitability
87. _____ is referred to as continuous improvement costing.
a. Kaizen b. JIT c. Kanban d. Cost sensitivity
88. Kaizen is a method aimed at _____ reduction below standard level, but without negative effects on quality, staff, safety, etc.

- a. Cost b. Waste c. Non – value activities d. Constraints
89. _____ is introduced as a technique that aims to manage product costs throughout the design stage.
- a. Process Costing b. Product Costing
c. Target Costing d. Strategic Costing
90. Target costing is a _____ costing methodology, in which the selling price and the required profit margin are used to determine the allowable cost for manufacturing a new/existing product.
- a. Modern b. Reverse c. Product d. Process
91. _____ Costing Also known as delayed costing,
- a. Backflush b. Conventional c. Modern d. Competitive
92. Backflush costing is an accounting method that records costs after a good is sold or a service is _____.
- a. Initiated b. Progressed c. Completed d. Planned
93. _____ means change for the better.
- a. Kaizen b. Theory of Constraints c. Kanban d. C. JIT
94. TOC stands for _____.
- a. Theory of Competition b. Theory of Cost
c. Theory of Constraints d. Theory of Complexity
95. TQM stands for _____.
- a. Total Quality Misrepresentation b. Team Quality Manager
c. Total Quality Management d. Theoretical Quality Management

Answer key

Q No.	Ans								
1	B	21	A	41	D	61	A	81	A
2	A	22	B	42	B	62	A	82	C
3	D	23	B	43	B	63	B	83	A
4	A	24	A	44	A	64	A	84	D
5	B	25	A	45	B	65	A	85	A
6	D	26	C	46	C	66	D	86	B
7	D	27	C	47	A	67	C	87	A
8	D	28	A	48	B	68	C	88	A
9	D	29	D	49	C	69	A	89	C
10	D	30	C	50	C	70	A	90	B
11	A	31	A	51	C	71	B	91	A
12	C	32	B	52	C	72	C	92	C
13	B	33	C	53	B	73	B	93	A
14	C	34	B	54	D	74	A	94	C
15	D	35	B	55	A	75	d	95	C
16	B	36	B	56	B	76	B		
17	A	37	C	57	A	77	B		
18	D	38	C	58	D	78	A		
19	D	39	D	59	A	79	A		
20	C	40	A	60	C	80	C		

- Prepared By:**
- Dr. Afeefa Cholassery,
Assistant Professor,
School of Distance Education,
University of Calicut.***
 - Mr. Rajan P,
Assistant Professor,
School of Distance Education,
University of Calicut.***